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NEWS SUMMARY

GENERAL

Deadline for air hostages to-day

Palestinian gunmen holding Air France passengers hostage in Entebbe last night threatened to kill 210 and blow up the aircraft if their demands are not met by 1 p.m. GMT to-day.

Earlier, they had met Uganda President Amin's request to release 47 women and children among the 257 held since Sunday. These left immediately for Paris on another Air France jet. The Popular Front for the Liberation of Palestine hijackers are demanding release of 53 prisoners from five countries, 40 of them from Israel.

French Premier Jacques Chirac said last night his government was taking a firm line on the hijacking and the Israeli Foreign Minister, Mr. Yigal Allon, said his Government "would not rest" until all the hostages were freed. President Amin yesterday talked by telephone with an Israeli Army officer and told him to inform the Israeli Government it must release "freedom fighters" as demanded by the hijackers, Uganda Radio said.

Ulster anger over shooting

... Ulster's business ... after the murder of the director of a Belfast ... the third attack since ... of a list of 350 companies ... in a local magazine ... joint editor Mr. ... said he now regretted publishing the list, which was intended as an analysis of ... of Ulster business.

Siege sentences

... Spaghetti House siege ... jailed for long ... Franklin ... leader, received a ... years. Anthony Munroe ... for 17 years and ... for 18 years ... received six ... information ... which went ...

Evert v Cawley

... Virginia Wade was ... by Evonne ... will meet Chris ... the women's Wimbledon final ... Miss ... Martina Navratilova ... in the semi-finals. Page 13

Warm prospect

... will be very dry and warm, according to the long-range weather forecast. But there will be cooler, wet spells. The ... heatwave will continue for the next few days.

... fires were sweeping ... Yorkshire and parts of the Home Counties yesterday. The ... had to be closed between ... and Hindhead. Thousands of acres were ablaze in Surrey.

Bail withdrawn

Old Bailey Judge withdrew bail for Mr. John Stonehouse at the end of the prosecution case against him on 21 charges after ... days.

Party contest

Mr. Denis Healey will not enter the contest for treasurership of the Labour Party. Front-runners are Tribunite Mr. Norman Atkinson and Mr. Eric Varley.

People and Places

The Fabian Society, facing a steadily growing deficit, has launched an appeal for £200,000. Page 8

... motorway inquiry at ... quarter was halted yesterday ... day of chaos, when ... were ordered to leave the inspector.

... thresher sharks yesterday ... mackerel from the lines of two sea anglers fishing from ... near Bournemouth.

Canadian Michael-Birch won the ... class in The Observer single-handed transatlantic race ... record time for small boats. Page 13

BUSINESS

Sterling rises to $1.78½; gold up

● STERLING rose 45 points to $1.7850; its weighted depreciation improved to 38.8 (38.9) per cent. The dollar's widened to 2.04 (1.93) per cent.

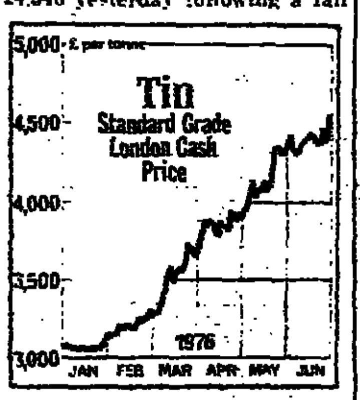
● GOLD gained $¼ to $123¾.

● EQUITIES improved though activity remained low. The FT 30-share index rose 5.9 to 383.8 for a two-day gain of 12.3. The FT-Actuaries All-Share index improved 1 per cent. to 155.41.

● GILTS made modest gains though demand was small. The Government Securities index firmed 0.05 to 62.87.

● WALL STREET closed 2.13 up at 1,002.78 in heavy trading on a 2 per cent. rise in May factory orders and a Federal Reserve Board prediction that inflation would drop below 7 per cent. by 1977. Page 4

● CASH TIN price rose £118.5 a tonne to an all-time high of £4,546 yesterday following a fall



in buffer stock holdings on June 30 to 2,820 tonnes compared with 19,531 three months before. Page 33

● DAYS LOST through strike action in U.K. industry in the first five months of 1976 fell to 1.37m. compared to 2.97m. during the same period in 1975. Back Page

Nigeria tightens participation

● NIGERIAN GOVERNMENT has announced an extension of measures to increase local shareholdings in foreign companies as well as punitive action against companies not abiding by earlier decrees. Back Page

● MANUFACTURING productivity in the U.K. rose 2.5 per cent. in the first quarter as output began to recover while employment was still falling. Page 8

● WEST GERMAN, British and Italian Governments are expected to sign the production contract for the first batch of 40 Tornado MRCAs within a few days. Page 7

● ACCOUNTING Standards Committee yesterday decided to reconsider its proposed standard on deferred taxation. Back Page

● BRENT WALKER has sold its 25 per cent. stake in the company which developed the Brent Cross shopping centre in North London to Standard Life Assurance for £3.7m. Page 24

● LAZARDS of London has signed an agreement with five local industrial companies to launch Korea's first merchant bank. Page 4

COMPANIES

● BPB INDUSTRIES pre-tax profit for the year to March 31 rose to £19.26m. (£11.6m.) mainly due to increased profitability of the gypsum companies. Page 23

● DUNFORD AND ELLIOT first-half pre-tax loss was £0.59m. (£1.20m. profit). Chairman says there is unlikely to be a pre-tax profit in the second-half. Page 23

● BRITISH COTTON and Wool Dyers' Association pre-tax profit for the year to March 31 was £0.31m. (£0.07m. loss). Directors says the current year has started well. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 5½pc 78-81	£88¾	+ ¼
... Inns	121	+ 5
...ham	217	+ 5
...	285	+ 5
... Ctn. Wool Dyers	24	+ 3
...wn (J.)	94	+ 5
Commercial Union	112	+ 4
...	233	+ 8
... and Everard	137	+ 5
... Stores	96	+ 4
...	247	+ 10
...	70	+ 3
... Trust	174	+ 6
King Pentecost	69	+ 4
...	154	+ 5
... Water	18	+ 2½
... Bank	216	+ 5
...	257	+ 8
Nat. Westminster	220	+ 7
Second City Prop	29	+ 2½
Thomson	260	+ 6
Thorn Elec.	218	+ 6
Tube Invs.	330	+ 6
Unilever	438	+ 10
Vaux Brew	267	+ 10
Warren (J.)	78	+ 4
Zenith Carb. "A"	48	+ 3
BP	605	+ 5
BH South	182	+ 7
Doelfontein	140	+ 13
Harmony	360	+ 23
Kloof Gold	440	+ 20
Randfontein	£19	+ 1½
Ventersport	185	+ 15

FALLS

Furness Withy	180	− 9
Lamont	22	− 3
Lesney	28	− 3
Lonrho Plat	134	− 7
Utah Mining Aust	370	− 20

£1bn. boost to profits ● 1% on retail prices

Price Code proposals attacked by CBI

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT published proposals yesterday for changing the Price Code which would add about 1 per cent. to the Retail Prices Index and lead to an increase in corporate profitability of about 10 per cent.

The proposals published in the form of a consultative document, were immediately attacked by both the Confederation of British Industry and the Retail Consortium as totally inadequate, a point echoed by the Conservatives. The CBI will ask for an urgent meeting with the Secretary of State to persuade her to make further changes in the 28-day consultative period allowed for discussions.

Lord Watkinson, president of the CBI, said that industry would not relax its campaign to get major revisions to the Code. A Government which could talk on the same day about need to improve profitability in the private sector, and produce proposals of this limited nature, got "two out of ten for grasping" the dimensions of the problem, he said.

Mrs. Shirley Williams, the Prices Secretary, defended the package on the grounds that the disincentive to higher output and investment had been "swept aside." She also acknowledged that the present return on capital of about 2.2 per cent. for all industry was "disastrous." Without an improvement, she said, Britain would not get the recovery in the private and public sector that was needed.

Talks on the kind of system to replace the Code in August next year would begin in the autumn, she stressed. The 1977 Code would be much more flexible than the present system, but Mrs. Williams indicated that there was no prospect of abolishing price controls altogether "for a very long time to come." To have done so at the moment would have "wrecked" the pay deal by leading to an increase in the index of between 3 and 4 per cent.

Static

The proposals in yesterday's document will, assuming a fairly static rate of demand in the next six months and small upturn in the first half of next year, add about £1bn. to companies' profits. It is hoped that this will enable companies to increase their return on capital from the present level of 2.2 per cent. to nearer 3 per cent.

The most valuable relief will come in two areas: the increase from 20 per cent. to 35 per cent. in the proportion of investment expenditure which can be passed on in higher prices and reflected in profit margins; and the measures to help offset the effect of inflation on stocks and assets.

In its discussions with Mrs. Williams, which lasted three months, the CBI had proposed that the investment relief scheme be changed to allow companies to pass on the full cost of new investment in prices, and that increases in working capital requirements should qualify for the same relief.

The Department of Prices has rejected this. Instead it proposes to give relief on stock appreciation. The idea is that companies should be able to base their applications for prices on the latest contracted price rather than historic costs as at present.

Companies would also get relief for stock appreciation under the profit margin controls of the Code. As laid down in the consultative document, companies could deduct 70 per cent. of the increase in the value of their stocks from the profit figures they submit to the Price Commission.

As no substantial change is to be made to the way reference levels are calculated, this would give industry substantially more room than at present to raise its profits, if demand allowed.

It will be of particular help to the retailing industry, which has failed to win any major concessions on either the net margin or gross margin controls.

Despite pressure from some parts of industry, Mrs. Williams has decided not to pioneer the proposals for inflation accounting put forward by the Sandilands Committee.

In the same way that it is proposed to use a crude adjustment to calculate the effect of inflation on stocks, the Department also plans to allow companies to adjust their depreciation calculations for the purposes of both cost and margin control by a factor of 1.3.

Payments

This means that if a company has been writing off a machine at the rate of £100 a year, it will now be able to write it off at a rate of £130, thus adding to the size of price increase it can justify under the code.

The Government proposes to abolish the productivity deduction, which prevents companies passing on more than 80 per cent. of their increased wage costs in higher prices, though it will be retained on a transitional basis for payments under "escalation contracts."

But it has rejected industry's proposal for "rewarding" companies which make more efficient use of their labour force. The only significant move to reward

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White Paper Page 14 ● Price Code document Page 15 ● Parliament Page 18 ● Editorial comment and Samuel Brittan Page 20 ● Price Code assessment Page 21

THE MAIN POINTS

● The proportion of new investment which can be reflected in prices and profits rises from 20 to 35 per cent. Shop premises join the list of qualifying expenditure.

● Provisions to offset some of inflation's impact on assets and stocks.

● Method of calculating the fixed cost element in price rises is changed to allow companies to retain half of the benefits arising from effective use of overheads. Similar provision is made for increases arising from exports, and full benefit of fuel cost savings will be allowed.

● The productivity deduction preventing companies passing on in prices more than 80 per cent. of their increased labour costs is abolished.

● The minimum size of company required to pre-notify the price commission of proposed rises is increased.

● Price rises of under 2 per cent. a year no longer need to be notified.

● Retailers to be allowed to exceed their gross profit margin ceilings if their net profit margins fall below 80 per cent. of their reference levels. Some manufacturing safety nets improved.

● The disincentive to issue new share capital is removed.

● No change in dividend control.

More flexible pay policy hint

BY PETER RIDDELL AND ROY ROGERS

STRONG hints that the Government would like ot see a more flexible voluntary pay policy from August of next year came yesterday from Mr. Albert Booth, the Employment Secretary.

Announcing the Government White Paper on the 4½ per cent. pay policy due to be introduced at the end of next month, Mr. Booth said he would like to see "some major elements" of collective bargaining.

Welcoming recent calls by union leaders, including Mr. Jack Jones of the Transport Workers, for early talks to pave the way for a return to collective bargaining, the Employment Secretary suggested that items for future negotiation might include productivity, pay restructuring and differentials, work-sharing arrangements and sick pay schemes.

Mr. Denis Healey, the Chancellor of the Exchequer, indicated in an interview yesterday that talks would begin in "the coming weeks or months" on the third stage of the pay policy. He said that this stage would be "a much less rigid, much more flexible policy to remove some of the distortions in the negotiation of wage agreements which are inevitably created by the very strict and rigid policies of the past."

It was clear from Mr. Booth's stance yesterday that he also envisaged some kind of pay "floor" to assist lower-paid workers who might not be in a position to benefit from the negotiable items.

Mr. James Callaghan, the Prime Minister, Mr. Jones and Mr. David Basnett of the General and Municipal Workers have already called for early talks aimed at making orderly progress towards a return to free collective bargaining.

The White Paper—*The Attack on Inflation, the Second Year*—sets out the terms of the 4½ per cent. pay policy, overwhelmingly endorsed by a special TUC Congress earlier this month, with £2.50 to £4 a week limits on pay increases for the year from August 1 and tax reliefs as offered in the April budget.

It is now officially recognised that the overall rise in earnings in the year to July 1977 could be about 7½ per cent., compared with earlier projections of an increase of 6 to 6½ per cent. made in early May when agreement on the policy was first reached. The 7½ per cent. might consist of 4½ per cent. from the basic deal, another 1½ to 2 per cent. from drift and perhaps another point or so depending on the rate of economic recovery and overtime working.

The estimate of the impact of the new policy on living standards has now apparently been revised following the recent depreciation of sterling. Instead of an original projection of a fall of between 1 and 2 per cent. in real personal disposable income over the next 18 months, the forecasters now appear to be

Continued on Back Page

Nearly 9,000 workers at British Leyland's bus and truck factories in Lancashire are to ban overtime next month in a new bid to force payment of a wage agreement, frozen after last year's £6 pay policy. Back Page.

Government is forced by minority parties to delay legislation

BY RICHARD EVANS, LOBBY EDITOR

THE CABINET has been forced to delay all controversial legislation for a further fortnight because of the Government's continuing inability to push through Bills opposed by all minority parties.

Ministers had intended to press ahead immediately with the Dock Work Regulation Bill and the shipbuilding nationalisation measure following the Rotherham by-election but, on the advice of Government Whips, a further delay has been ordered until after the Thurrock by-election on July 15.

Mr. Michael Foot, leader of the Commons, will announce to-day that next week's business will include a two-day debate on the Government's social contract agreement with the TUC and it is understood that the following week will be dominated by a three-day debate on the Finance Bill, now well behind schedule.

Ministers dare not risk divisions on the shipbuilding or dock Bills until the Government side has been reinforced by the expected victory in the safe Thurrock seat. The division of the shipbuilding Bill on Tuesday showed that had the 14 Nationalists supported the Opposition instead of abstaining and had Mr. Peter Emery, the missing Tory backbencher, voted, the Government would have lost.

The news yesterday that Mr. John Stonehouse, the Independent MP for Walsall North, had his bail withdrawn at his Old Bailey trial means that the Government will have additional leeway. Mr. Stonehouse, in recent months, has been an unpredictable critic of Government policies.

But the Government's legislative task will be made no easier by the decision of the shadow Cabinet last night on the future of pairing arrangements and the restoration of normal communications with the Government, details of which will be disclosed to-day to Tory MPs by Mrs. Margaret Thatcher, party leader.

Meanwhile, the Scottish National Party came under attack yesterday from both Tories and Scottish Labour MPs following its dramatic rescue on Tuesday of the Government's shipbuilding measure. Labour backbenchers sought to devalue the "concessions" offered by Mr. Foot on a separate Scottish shipbuilding organisation while Tories accused the SNP of a lack of principle and consistency.

John Wyles writes: There was little indication from Whitehall yesterday that Mr. Foot's undertaking to the Scottish Nationalists on Tuesday night was backed up by any detailed prior planning or consultation. Members of the British Shipbuilders organising committee who will run the industry after nationalisation discussed the initiative yesterday and expect to hold detailed talks with the Government shortly.

Meanwhile, attention switches to-day to the tripartite talks called by Mr. Eric Varley, Industry Secretary, with the Confederation of Shipbuilding and Engineering Unions and the organising committee of British Shipbuilders. To-day's meeting is the first of several designed to convince the unions of the scale of the shipbuilding crisis and to discuss possible measures to deal with it, including yard closures.

GEC has made a provision of £12.9m. out of last year's £207.2m. profit "against the expropriation" contained in the Aircraft and Shipbuilding Industries nationalisation Bill. GEC, which indirectly owns 50 per cent. of BAC, claims the compensation proposals are "manifestly unfair." Back Page, Lex and Page 23.

Concern over Chrysler imports

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CHRYSLER U.K. is planning to speed the British manufacturing programme on its new Alpine model amid mounting anxiety at the Department of Industry over the company's rising import bill.

Devaluation of the pound against the franc—by roughly 7 per cent. over the past four months — has inevitably increased the British company's cost of buying Alpine components from France for assembly in the UK.

These rising costs are one of the factors worrying the British Government in monitoring its agreement with Chrysler. The company recently admitted that the damaging currency movements of the last few months had forced it to revise its loss estimates this year marginally upwards, so that it is now likely to have to take up the full £40m. guaranteed against losses by the Government.

These problems are likely to be raised by Sir Peter Carey, Permanent Secretary to the Department of Industry, when he visits the U.S. next week for talks arranged some time ago with Mr. John Riccardo, the Chrysler Corporation chairman, on the progress of the U.K. company.

It is believed that the Department would like to ease the import burden by raising the U.K. content in the British assembled Alpine much more swiftly than originally planned in the rescue agreement.

The Alpine is due to begin coming off the production lines at Ryton, Coventry, in August, and according to the original agreement, Chrysler was committed to raising the British content to 57 per cent. by value within 15 months of the car's introduction. But according to the British company it has now promised the Government that it will reach that figure within about nine months.

The Government's concern must be seen in the light of rapidly rising car imports, which reached record heights last month. But any action to raise British content in the Alpine project will also be welcomed as a move to integrate Chrysler's Simca plants in France more firmly into the U.K. operations.

As long as the British company is simply assembling Alpines from French-made parts, it is seen as merely alleviating Chrysler's capacity problems in France. But by building up the use of British components, the fortunes of the U.K. company can be tied more closely into those of the more successful European companies in France and Spain.

The recent move to use the Stoke engine plant facilities at Coventry for machining French-made parts for re-export is seen as a step in the right direction.

£ in New York

	June 30	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

For latest Share Index phone 01-246 8026

LOMBARD

When sickness is a way of life

BY C. GORDON TETHER

THERE COULD surely be no clearer—or more poignant—testimony to the extent of the gap between the living standards of the "haves" and "have-nots" than the contrast between the facilities at the disposal of the two groups for savouring life's greatest gift—good health.

You must have seen those advertisements which the multinational chemical giants put in the papers from time to time with the aim of improving their public image — notably by describing the contribution their technical achievements are making to ensuring a happy life for children suffering from the obscure diseases that have been attracting a lot of attention in the affluent world in recent years. Nothing wrong with that, you may say. And, of course, there is not. But contrast these pictures of a seemingly almost boundless concern to see that ill-health is stamped out, no matter what the cost, with that presented by the statistics depicting the state of the score for the treatment of disease in the less-developed countries.

In a recent report on the health [...]ation in the Third World, the [Unit]ed Nations Children's Fund [drew] attention to one sombre [fact]. It is that less than 15 per ce[nt] of the rural population and other under-privileged groups there have access to health services.

And in case anyone should feel inclined to question UNICEF's contention that it is the rural people who are most exposed and prone to disease, let me quote from some of the statistics included in an article on "Diseases Against Development," by Alexander Dorozynski, which appears in the current issue of Ceres, the bulletin published by the UN's Food and Agricultural Organisation.

Obstacle

This points out that about a third of the world's population —yes, a third—suffers from one tropical disease or another. Malaria and two other equally unpleasant complaints with long names each affect about 200m. people, while millions more are victims of leprosy, river blindness, sleeping sickness, and a South American sickness that kills by destroying the face. In endemic areas, moreover, people may harbour three or four diseases—producing parasites.

Sickness on such a scale—nine out of ten children in Africa catch malaria—inevitably means that it becomes a way of life. And one inevitable consequence is that health troubles constantly operate as a serious obstacle to the economic advancement that could do so much to pave the way for a solution to the problem—notably by ending the poverty that so greatly helps to perpetuate it.

Many major development projects in Africa have been seriously handicapped by the incidence of disease—river blindness and sleeping sickness have led, for example, to the abandonment of some of the most fertile land south of the Sahara. And the general debilitation—tropical diseases do not, on the whole, kill—is necessarily reflected in the level of the general economic performance. There is, indeed, a vicious circle—poverty, disease: more poverty, more disease.

A few cents

Is there nothing that the advanced world can do to make an impact on a situation wherein so many people spend most of their lives tragically grappling with one, two or even more diseases? Clearly, as the UNICEF report makes clear, an attack on the problem aimed at raising the level of health services in the developing world to that with which we are familiar is, for all practical purposes, out of the question. But there is one thing that does lie within our power. It is to bring to research in the field of tropical medicine the same kind of enthusiasm and devotion we do to that related to the diseases from which we suffer.

The World Health Organisation has estimated that total world expenditure on tropical disease research at present comes to no more than $30m. a year. And that, believe it or not, is only a fiftieth of the sum devoted each year to research into one single affluent world affliction—cancer. Yet, as the Ceres article points out, the potential for success here happens to be very great, while it is estimated that the additional sum required to intensify the attack in a meaningful way would come out no higher than $15m. or a mere 15 cents per patient.

It is here that we return to the picture painted by the advertisements of the multinational companies. Their endeavours to improve the health of those who live in the affluent world are necessarily financed in the end by the affluent people. Could we not find it in our hearts to put up the trifling additional sum each year that could go such a long way to enabling the peoples of the less-developed world to enjoy the gift of good health in much the same measure as we do ourselves?

SALEROOM BY ANTONY THORNCROFT

Dali sells for £79,000

A SALVADOR DALI painting, rescued from the last train of loot caught leaving Paris after the 1944 Liberation, was the big success at yesterday's Sotheby's sale of impressionist and modern art. It is a surrealist work of 1937, entitled *Swans reflecting Elephants*, and was bought anonymously for £79,000 (plus the 10 per cent. buyer's premium) —comfortably above the forecast price.

The picture was sent for sale by Mr. Edward James, one of Dali's early patrons who is being forced to dispose some of his fine collection of modern art because of the Government's refusal to help with their maintenance. All told, the auction went quite well, thanks to strong international bidding, making a total of £1,227,900.

Two major lots, a Cézanne, *Le Moulin a l'Huile*, and Max Ernst's *L'Ile de Pâques* were bought in at £50,000 and £42,000 respectively, but most of the other important works sold around the bottom of their pre-sale forecasts.

Ernst's *Le Jardin des Hesperides* was bought by a Turin dealer, Galatea, for £61,000; Juan Gris' La Rose *noire* went to Nehmad of Milan for £54,000; and a Pissarro, *La Fabrique au bord de l'Oise*, was below target at £50,000.

A Van Gogh watercolour, which sold for £25,500, was one of a pair which had been bought by the vendor's father in 1900 for a hundred guilders. Other noteworthy prices were £38,000 for a Braque and £35,000 for a Utrillo.

In the afternoon, drawings added a further £500,250, with a Leger beating target at £22,000, and two Giacometti bronzes making £20,000 and £18,000. Seventy gouaches by Kees Van Dongen (in 1946-47 to illustrate Proust sold for £147,635, double their estimate.

Sotheby's also completed a trio of sales from the Phillipps collection of books and manuscripts, which have now brought in over £2,990,000 since the new series of auctions began in 1965. Yesterday added £59,673, with Quaritch paying £3,800, above forecast, for a first edition of Milton's *Of Education*, while a first edition of Milton's poems was bought by Quaritch for £3,400.

Traylen acquired a Shakespeare third folio for £2,400, while a fine fourth folio made the same price.

There were exceptionally high prices for books on economics and trade, and Thomas Mun's *England's Treasure by Forraign Trade*, 1664, estimated at £250-£300, went for £1,700.

There were equally important sales at Christie's. The 60 Rembrandt etchings collected by Jean Malmgren of Stockholm did well, with only a handful unsold, for a total of £69,030.

Later there was a general auction of Old Master engravings and etchings collected by Colonel Sir Joseph Weld, which totalled £139,120. A tiny engraving of the triumph over temptation from the *Ars Moriendi* by the 15th century master ES sold for £15,000, over three times estimate, to a German buyer, who also paid £4,500 for an engraving of St. Christopher by the master MZ. A woodcut by *Durer went to Colnaghi for* £4,800.

Perhaps the most interesting auction of the day was at Quaglino's where Christie's started the dispersal of the two-day sale of the Hartman collection of Japanese metal work, the finest to be disposed of in the West.

The first day made £201,446, with a highest price of £12,500 for a Japanese sword of 1682, signed Satsuma Kanko Sanechika. It went to a Japanese buyer, Saruta. Another sword, an Aikuchi Tanto, of 1359, was bought by Tomi-San for £5,800.

RACING BY DOMINIC WIGAN

Shortbread to win at Brighton

DESPITE the presence of those smart but recently disappointing fillies *Drop of a Hat* and *Honey Blossom*, I do not intend looking beyond *Shortbread* in this afternoon's Park Top *Handicap at Brighton*.

James Bethell's compact daughter of Crisp and Even was not disgraced when tackling the best of her sex in the One Thousand Guineas; and last time out, she again put up a creditable performance in good company, going down by just three-quarters of a length and a short head to Silken Way and Crofting in Newbury's Twyford Stakes.

Always at the head of affairs in that competitive event, Shortbread kept on strongly under pressure and would probably have caught the Queen's filly in another few strides. A neat, well-balanced filly who should have no difficulty in handling the gradients here, Shortbread is taken to regain winning form at the main expense of Honey Blossom, a poor fifth of eight at Bath last time out.

Whatever their fate with *Honey Blossom*, Peter Walwyn and Pat Eddery should not leave this popular hillside track empty. *Angelos* appears to have a comparatively simple task in the Henfield Stakes.

Although he could finish only fourth behind Swagger when a heavily-backed favourite at Salisbury eight days ago, Angelos is thought considerably better than the form suggests, and I cannot see one to trouble him.

BRIGHTON
2.00—Angelos*
2.30—Another Fiddler
3.00—Shortbread
3.30—Mofida
4.00—Happy Victorious
4.30—Golden Lania

CARLISLE
3.15—Mister Geoffrey
3.45—Sweet Lad
4.15—Igloo Fire
4.45—Walter***

YARMOUTH
2.45—King Elect
3.15—Great Birnam**
4.15—Kilcarn Lass

With only *Laser Olivia*, *Beau Brummie* and *Song Of The Tower* to beat in Yarmouth's Somerleyton Stakes, the Henry *Cecil-trained King Elect should* have few problems in regaining winning form.

An impressive winner here on two occasions before going down to that speedy pair, Man in the Moon and Great Oak, in the Fenwolf Stakes at Ascot 12 days ago, King Elect seems likely to be chased home by Laser Olivia, a head winner from Jimmy the Spiv at Goodwood last time out.

At to-day's third and only *other meeting*, *Carlisle, where Sweet Lad* and *Igloo Fire* should be two more for Edward Hide. *Walter* appeals as a cast-iron bet for the City Handicap.

Looking ahead to Saturday's Joe Coral-supported Eclipse Stakes, the sponsors report good money for the French-trained Kasteel, a two-lengths winner of Longchamp's £35,000 Prix Dollar four weeks ago.

Tony Murray's mount has shortened with Coral from 5-1 to 7-2. The same firm goes 5-2 with the vanquished Derby favourite Wollow.

French-trained horses occupy the first three places in the initial vote for the 1976 Racehorse of the Year award, for which any horse which has raced on a British racecourse in the current season is eligible. *Pawneese* received a total of 86 points from the 40-strong panel *of racing journalists*, and Mr. Daniel Wildenstein's filly holds a comfortable lead over her nearest rival, *Empery*. *Sagaro* occupies third place, just ahead of *Wollow*, *Lochnager* and *Flying Water*.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05-7.55 a.m. Open University (UHF only). 1.20 p.m. On The Move. 1.30 Fingerbobs. 1.45 News. 1.55 Wimbledon Lawn Tennis. 4.23 Regional News (except London). 4.25 Play School. 4.50 Blue Peter. 5.15 Boss Cat. 5.40 Barbapapa.
5.45 News.
6.00 Nationwide (London only).
6.15 Wimbledon Lawn Tennis.
7.15 Top Of The Pops.
7.55 Porridge.
8.25 Champions All.
9.00 News.
9.25 Second Verdict.
10.15 Omnibus.
11.05 Tonight.
11.40 Weather Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.15-5.40 p.m. Bilidowcar. 6.00-6.15 Wales To-day. 8.25-9.00 Heddiw. 10.15-11.05 A Year Of Champions. 11.40 News and Weather for Wales.

Scotland — †10.00-11.15 a.m. Abbott and Costello in "Lost in Alaska." 6.00-6.15 p.m. Reporting Scotland. 11.40 News Summary and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
2.00 p.m. Wimbledon Lawn Tennis.
7.30 News On 2.
7.40 In Deepest Britain.
8.10 Spirit Of The Age.
9.00 Call My Bluff.
9.30 Cleo: Cleo Laine with John Dankworth.
10.15 Rhoda.
10.40 Wimbledon Highlights.
11.30 Newsnight.
11.45-11.50 Closedown: Jill Balcon reads: "The Companions," by Howard Nemerov.

LONDON

10.00 a.m. Meet Betty Boop. 10.10 "The Hound of the Baskervilles," starring Stewart Granger. 11.25 Cricket: Yorkshire v. West Indians. 12.00 Animal Kwackers. 12.10 p.m. Pipkins. 12.30 Here's Good Health. 1.00 First Report: News with Alastair Burnet. FT index. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Cricket. 4.25 Born Free. 5.20 Spiderman.
5.50 News From ITN.
6.00 To-day.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 The Shadow Line.
10.00 News.
10.30 Help!
10.35 "The Judge and Jake Wyler," starring Bette Davis.
12.20 a.m. Cartoon.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 a.m. Halas and Batchelor Cartoon. 10.35 Here Comes The Future. 11.00 Play With A Purpose. 1.25 p.m. Anglia News. 2.00 *Women Only*. 4.25 *The Romper Room*. 4.55 Spiderman. 5.20 Sky. 6.00 About Anglia. 6.20 Arena. 10.30 The Writing Is On The Wall. 11.15 Comedy Hour. 12.10 a.m. The Living Word.

ATV MIDLANDS

10.35 a.m. Stingray. 11.00 Survival. 1.20 p.m. ATV Newsdesk. 4.25 The Lone Ranger. 4.50 Time Tunnel. 6.00 *ATV To-day*. 10.30 *Gardening To-day*. 11.00 Police Story. 11.55 Epilogue.

BORDER

11.00 a.m. Play With A Purpose. †1.20 p.m. Border News. 5.20 Breaktime. 6.00 Border News and Lookaround. 10.30 Gardening To-day. 11.00 Boney. †11.55 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 The Beachcombers. 4.50 The Time Tunnel. 6.00 Channel News. 6.10 The Doris Day Show. 10.30 The Adventurer. 11.00 The Protectors. 11.30 Actualities et Projections No. 3.

GRAMPIAN

11.00 a.m. Play With a Purpose. 1.20 p.m. Grampian News Headlines. 4.25 Thunderbirds. 5.20 Wonder Weekly. 6.00 Grampian Today. 10.30 The Odd Couple. 11.00 The Collaborators. 11.55 Evening Prayers.

GRANADA

10.00 a.m. Centralia. 10.25 Sesame Street. 1.20 p.m. This Is Your Right. 4.25 Survival. 4.50 The Flintstones. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. 6.30 Mister Ed. 10.30 Police Story. 11.25 To the Wild Country. 12.20 a.m. Thank You and Goodnight.

HTV

11.00 a.m. Play With a Purpose. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Woman Only. 4.25 Tell Me Why. 4.50 Fantastic Voyage. †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Survival. 10.30 Musket, Fife and Drum. †11.00 The Late Film: "Sanctuary," starring Yves Montand and Lee Remick.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25-4.50 Bie Yn Y Byd . . . ? 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

11.00 a.m. Play With a Purpose. †1.25 p.m. Road and Weather Report. 2.00 Women Only. 4.25 Tarzan. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 10.30 Late Call. 10.35 Man In A Suitcase.

SOUTHERN

10.30 a.m. The Nature of Things. 11.00 Play with a Purpose. 1.20 p.m. Southern News. 2.00 Women Only. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 10.30 Your Men at Westminster. 11.00 "Backlot U.S.A.," with Mae West, Gene Kelly, John Wayne and Mickey Rooney. 12.00 Southern News Extra.

TYNE TEES

10.55 a.m. Starting Point. 11.00 Play with a Purpose. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 4.25 The Seal Pup. 4.50 Beachcombers. 5.20 University Challenge. 6.00 Today at Six. 10.30 The Westminster File. 11.00 The Streets of San Francisco. 11.55 Epilogue.

ULSTER

11.00 a.m. Play with a Purpose. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 4.25 Tarzan. 5.20 Breaktime. 6.00 Summer Reports. 10.30 Dear Evelyn Home. 11.00 The Pathfinders.

WESTWARD

11.00 a.m. Play with a Purpose. 12.25 p.m. Gus Honeybun's Birthday. 1.20 Westward News Headlines. 4.25 The Beachcombers. 4.50 The Time Tunnel. 6.00 Westward Diary. 10.30 Politics West. 11.00 Westward Late News. 11.03 The Protectors. 11.30 Faith for Life.

YORKSHIRE

10.00 a.m. Wild River Journey. 10.35 Ed Allen Time. 11.00 Breaktime. 1.20 p.m. Calendar News. 4.25 Thunderbirds. 5.20 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Emmerdale Farm. 11.25 A Matter For Concern.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker, including this week's new Top 30 LP discs, and 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.00 It's D.L.T. OK! 5.45 Newsbeat. 6.02 As Radio 2 (6.02-7.00 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Don Durbridge (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin; 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.58 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Wimbledon (1500m. only, also 202m Scotland, VHF joins Radio 1), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45-7.00 Wimbledon (1500m. only, also 202m. Scotland), including 4.45, 5.45, and 6.45 Sports Desk. 4.45-7.00 Sam Costa (S) (VHF only). 7.02 Wit's End. 7.30 Sports Desk. 7.33 David Allan's Country Club (S). 9.02 Jim Lloyd with Both Sides Now (S). 10.02 Sports Desk. 10.05 Folkweave (S). 11.02 Ruth Cubbin with The Late Show (1500m. only, also 202m. Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 8.59 John Clare and Birdsong. 9.00 News. 9.05 This Week's Composer: Bach (S). 9.35 Danish String Quartet (S). 10.20 Song Recital—Part 1: Butterworth (S). 10.55 Words . . . 11.00 Recital—Part 2: Alwyn (S). 11.50 Henze: Voices. 11.55 Academy Of The BBC—Part 1: Purcell, Mozart Stravinsky (S). 1.00 p.m. News. 1.05 Concert—Part 2: Debussy, Haydn (S). 1.45 "Uthal" opera in one act, music by Etienne Nicolas Méhul (S). 3.00 BBC Welsh Symphony Orchestra (S). 4.05 Henze: Voices. 4.10 Chamber Music (S). 5.15 The Developing Musician (S). 6.05 News. 6.10 Homeward Bound (S). 6.30 Lifelines: The Wider World. 7.30 Karajan, Gieseking and the Philharmonia Orchestra—Records made in the 1950s: Berlioz, Franck, Beethoven (S). 8.35 Hans Werner Henze: Chronologically arranged selection of his music (S). 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF
‡ Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today, including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today, including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Those You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 If You Think You've Got Problems! 11.50 Voices of the Wild. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). 12.55 Weather programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Jack De Manio Precisely, including 4.00-4.05 News. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Dad's Army. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Any Answers? 8.00 Sybil—an appreciation of Dame Sybil Thorndike. 8.45 Analysis: India—talk. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Sound Out. 4.32 Tony Fish with Home Run, including 5.00 and 6.00 London News Desk. 7.00 Jenny Thompson and Diana Rice (as 11.03 a.m.). 8.00 Getting Going. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2 until closedown.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M." —breakfast-time show. 10.00 Brian Hayes —talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

6.00 Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 Adrian Love: Open Line. 9.00 Your Mother Wouldn't Like It. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,119

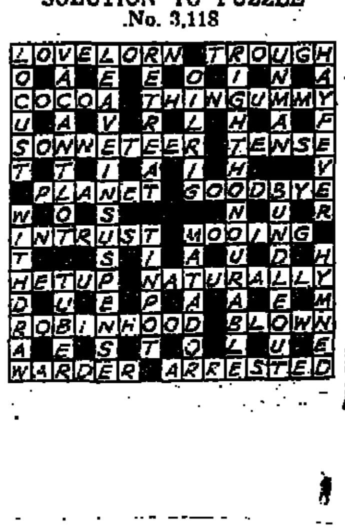
ACROSS

1 Discount for graduate in the network (6)
4 From which feline exit spells lack of security (3, 3)
8 Arrived with many at Arthur's place (7)
9 Game for a saint in Holy Land village (7)
11 To improve a strange meal I hold forth (10)
12 Goodies to gather up (4)
13 A little picture of the fashionable crowd (5)
14 We have a loafer to beat up (3, 5)
16 Unsympathetic essayist may turn up at lunch (4, 4)
18 Here is a joint we have to criticise (5)
20 Light in the eye a great fault (4)
21 Fleet Street bosses keep things together (5-5)
23 Plant from underhand half of 16 (7)
24 "And evening full of the — wings" (Yeats) (7)
25 Experienced like Heath after a type of shirt (6)
26 Vessel from the South in outline (6)

DOWN

1 "While proudly riding o'er the azure —" (Gray) (5)
2 Hammers the insects (7)
3 Water of O.T. could suggest afternoon tête-à-tête (3, 3, 3)
5 Upward effort reaching almost to heaven (5)
6 Where to look for a present —the boy's about to rave (4-3)
7 What the suitor or the tennis-player has to do (2, 2, 5)
10 Australians have a party with one in the Principality (9)
13 A shirt may be, or differences (6, 3)
15 The Flying Squad's credit sets a standard (9)
17 Makes wet studies about a politician (7)
19 Advice from with it London suburb to put into practice (3, 2, 2)
21 Dignity is found in a novelist (5)
22 Language you may use to a Cockney wife (5)

SOLUTION TO PUZZLE No. 3,118



هكذا صدر الأصل

Shakespeare & Schiller

by ELIZABETH FORBES

Bellini. I Capuleti e i Montecchi. Sills, Baker, Gedda, Lloyd, Herincx/NPO, John Alldis Choir/Patanè. (3 records in box). EMI SLS 986. £9.50

Donizetti. Maria Stuarda. Sutherland, Tourangeau, Pavarotti, Soyer, Morris/Chorus and Orchestra of Teatro Comunale, Bologna/Bonynge (3 records in box). Decca D2D 3. £9.50. Cassettes K2A 33, £9.75

I Capuleti e i Montecchi, Bellini's operatic version of *Romeo and Juliet*, was first performed at the Teatro La Fenice on March 11, 1830. The composer had arrived in Venice at the beginning of the Carnival season to superintend the production of his two-year-old opera *Il pirata*, and when Giovanni Pacini failed to provide the new work commissioned by the theatre, Bellini was given six weeks to make good the deficiency. His customary librettist, Felice Romani, supplied a text, only slightly altered, that had already served for Nicola Vaccai's opera *Giulietta e Romeo*, and which was in its turn based on a libretto set by Niccolò Zingarelli more than 20 years earlier, in his version of the story. Shakespeare had only a very indirect influence on *I Capuleti*.

In the circumstances Bellini also resorted to self-borrowing, and adapted several numbers from his *preceding opera—and only downright failure—Zaira*, as well as one *from his first stage work, Adelson e Salvini*. But, despite its hurried composition and varied source-material, *I Capuleti* has a strongly individual flavour; the Venetian performance was well received, though it came too late in the season for many repetitions. Giuditta Grisi was much admired in the travesty role of Romeo, while Maria *Caradori-Allan, the Alsatian-born* singer whose career was spent mainly *in England*, and who later created the soprano part in Mendelssohn's *Elijah*, sang Juliet. Giulia Grisi, Giuditta's younger, more beautiful and better known sister, who was erroneously supposed to have been the Juliet of the Venice première, only sang the role three years later, with her sibling, at the Théâtre-Italien in Paris.

I Capuleti has always been prone to suffer at the hands of would-be improvers. Maria Malibran inaugurated the custom, prevalent in Italy for many years, of substituting Vaccai's tomb-scene for Bellini's, while at La Scala a decade ago the opera was performed with a tenor Romeo, thus upsetting the balance of the duets between the protagonists which are among the chief glories of the score. The great merit of the EMI recording is its adherence to the original tessitura, with the resultant casting of Janet Baker as Romeo. As her Handel and Strauss roles have proved, Dame Janet makes a convincing young man, ardent, impulsive, hot-blooded. Romeo's cavatina and cabaletta (both partial adaptations from *Zaira*) on his first, incognito appearance as an envoy from the Montagues to the Capulets, are superbly phrased and set the standard for a magnificent performance.

If Beverly Sills makes a lesser impression as Juliet, that is partly Romani's fault; his heroine, fatally torn between *love and duty*, is very different from Shakespeare's single-*minded girl*. Sills sings her solo music sweetly enough, but in the duets with Romeo her wavering line is shown up by Baker's rock-steady tones; dramatically she is best in the scene with Lorenzo (Friar Laurence), who is masterfully declaimed by Raimund Herincx. The tenor *role of Tebaldo*—a conflation of Tybalt and Paris—is sung by *Nicolai Gedda* as *eloquent* as ever in diction, though unwontedly dry of voice. "Capellio," a heavy father whose harshness is belied by the sympathetic tonal quality of Robert Lloyd.

Book Reviews are on Page 12

completes the cast: the two basses might profitably have changed roles. Giuseppe Patanè, efficient rather than inspired, conducts the New Philharmonia and the John Alldis Choir on this extremely, despite reservations, welcome recording.

Baker and Sills, though the timbre of their voices and the style of their singing differ enormously, are both notable exponents of the title role of Donizetti's *Maria Stuarda*. Since the HMV recording of the opera with Sills was issued in 1973, London audiences have experienced the dramatic intensity of *Dame Janet's Mary in the English* National Opera's production, *which has spoilt them for* lighter, more conventional interpretations; but one must beware of generalities concerning *Maria Stuarda*, as no definitive edition of the score exists. Commissioned for the San Carlo, Naples, in 1834, the opera reached the dress rehearsal, when censorship intervened and the libretto had hastily to be changed to "Buondelmonte". Whether or not Queen Maria *Cristina* was *present*, and whether or not she fainted during Act 3 at the rehearsal, the subject was clearly too painful a one for Bourbon Naples.

Maria Stuarda in its original form was not staged until over a year later, in December, 1835, when Malibran sang the title role at La Scala, Milan; 30 years on, in 1865, the opera was revived at the San Carlo in a revised edition, and it is this version that was used in the HMV recording—and also, with some of Mary's music transposed to accommodate a mezzo protagonist—by the English National. The new Decca recording, on the other hand, adheres basically to the Malibran version of 1835; Malibran, though a contralto, had a *phenomenal range* at the top of her voice. The *main differences* between the two editions lie in the scoring, thickened for the later performances in Naples, and in Mary's two arias, the cavatina "O nube! che lieve per l'aria" at the beginning of Act 2, and her final Aria del Supplizio.

Joan Sutherland, in lustrous voice throughout the opera, sings Mary with splendid energy, without any of the lagging behind the beat that has been known to afflict her. She has occasional difficulty with isolated low notes but she handles the florid music with consummate *ease*: "*Ah! se un giorno*," the cabaletta to "D'un cor che muore," her last *request before* execution, is a fine example. In the confrontation with Elizabeth at "Fotheringay" so dramatically imagined by Schiller, Sutherland spits out the insults—"Figlia impura di Bolena . . . meretrice indegna oscena . . . vil bastarda . . ." ("Unchaste daughter of Anne Boleyn . . . base, lascivious harlot . . . despicable bastard . . .")—with surprising venom but cannot quite convey the overweening pride of the Queen of Scots that prompts the out*burst*.

As Elizabeth, Huguette *Tourangeau lacks the stiff-backed* majesty—different from Mary's more personal arrogance—that upholds the Tudor monarch, but she is excellent as the jealous woman inside the regal trappings: in the first-act duet with Leicester, for instance, or in the third-act trio. Luciano Pavarotti *makes an ideal Leicester*: unfazed by the high tessitura of *his music*, he perfectly expresses the bewilderment of an honest *man caught up in events* he cannot control. Roger Soyer as Talbot and James Morris as Cecil are both good, but again I feel that from the listener's viewpoint the two basses would be better cast the other way about. Richard Bonynge conducts the chorus and orchestra of the *Teatro Comunale, Bologna*, with a light hand; he takes the stretta-*finale of Act 2 very fast*, but otherwise allows his singers plenty of space. The recording, made in the Comunale, has a properly theatrical atmosphere.

Adelaide Festival — 2

Arts in abundance

by ANDREW PORTER

Hans Werner Henze was in Adelaide for the Festival. With the Saarbrücken Radio Orchestra he conducted his First Symphony, Second Violin Concerto (written for, and here once more played by, the Australian violinist Brenton Langbein), *Compases*, and *Kammermusik*. He coached the baritone Lyndon Terracini and three lively young Sydney musicians to give some very vivid performances of his "recital for four musicians," *El Cimmarón*. Terracini is a discovery. What his voice might *be like in sustained bel-canto* cantilena I cannot say, for *El Cimmarón* requires him to shout, shriek, speak, whisper, declaim on pitches, and only from time to time sing. But he gave a very powerful performance, strongly acted, pungent in his use of the words (the piece was done in English translation), colourful, various, and musically *secure. He is a tougher, more fiery protagonist than was* William Pearson, who created the *role. Henze hopes to bring him* out this summer at the Montepulciano Festival, in Tuscany (a new venture, with Henze, Mario Del Monaco and Del Monaco's son as its unlikely trio of directors).

Music is only part of Adelaide Festival. Among the films there was *Der junge Törless*, which has a *Henze score, and his ballet Ondine*. Similar thematic *planning brought movies associated* with writers — among them Moravia, Tennessee Williams, Kurt Vonnegut—billed to appear during "Writers' Week." (Not all of them came.) The art exhibitions were fine: Leger, Thai sculpture, and a preview of the collection being amassed for the so far unbuilt National Gallery in Canberra. The "city events" —Marilyn Wood setting troop of performers to swirl exuberantly *through the railway station, the market, a fountain*, a building site with cranes in action—*were lively*.

The theatre had black emphasis. The Negro Ensemble Company brought Philip Hayes Dean's *The Sty of the Blind Pig*, one of the company's early (1971) successes — a sort of Abbey Theatre piece set in black Chicago. I caught up, at last, with Athol Fugard's *Sizwe Bansi is Dead* and *The Island*, which John Kani and Winston Ntshona still play with uncommon force and freshness. *Carlota and Maximilian* was a didactic pageant deployed in the Space — a Marxist presentation of Hapsburg history, with a cast that included most of the audience, hundreds of children. Rather dry and undramatic, I thought it, and hard to follow unless one had the history fresh in one's head, but people seemed to like it. The South Australian Theatre Company, *the resident company in the Playhouse, played Coriolanus* with John Stride in the title-*role, and Tennessee Williams's Kingdom of Earth*, a rewriting *of Out Cry*.

Many of the other theatre pieces were small shows, often with a literary background: John Bell in a two-act "dramatic monologue" as Byron, Miriam Karlin's *Liselotte*; Bettina Jonic's Brecht-Dylan evening, Max Wall, Dame Hilda Bracket and Dr. Evadne Hinge in *Sixty Glorious Minutes*, the mime Yass Hakoshima. Two local offerings were Jack Hibberd's *A Toast to Melba*, and *Sylvia Plath*. *Melba* was an attractive, high-spirited, witty and sometimes touching "dramatic biography" in short scenes, fairly true to the facts and essentially true to the personality of the great—and so often maligned—singer. Evelyn Krane, the protagonist, gave a brilliant, convincing perform*ance, and her voice, while small (as Melba was not), was pure* and true. *Sylvia Plath* was an *anthology from the poems*, the novel, the letters, writings by *others about her. Four actresses* took part. It was not exactly a narrative, not exactly a poetry-reading—perhaps it could be called an "evocation." Subtly directed by Rodney Fisher, with varied, unfussy groupings, it was unpretentious, moving, and unexpectedly powerful as theatre.

The list could go on and on: Cossack Dancers; Tibetan Folk Theatre; free lunchtime concerts daily from the music department of Adelaide University and the Conservatorium; recitals by Jan DeGaetani, by the rising young American cellist Ralph Kirschbaum. The Adelaide Festival, as topographically concise as Edinburgh's, is as abundant and variegated as Holland's. There was pop music in the parks. In Her Majesty's (a theatre with a fine façade, but stripped and spoiled within), Reg Livermore, a new Australian star, turned pop music into a *new kind of music-theatre*. For nearly three hours, with only a brief interval, he played out aspects of the human comedy, as a protean Pierrot: while make-up unaltered but everything else—wigs, costumes, personality, sex, stature, mercurial.

Maybe I was touched with visitor's euphoria. But I don't think so. This was *my third visit* to Australia, and each time it *has seemed to me a place* where the stars flourish—more abundantly, *of course*, at festival time, when I'm there, but in a soil which is plainly nourished all the year round. A place of water, trees, and light; of good wines; of open, direct people who enjoy music, painting, theatre, and dance; who perform, paint, write, and compose well. The spell has not weakened, and other visitors feel it, too. When Peter Maxwell Davies taught at the Adelaide Conservatory 10 years ago, he dealt, he said, "with a class of half-a-dozen or *so of the most gifted* composers I have even been privileged to teach or learn from."

El Cimarron: Lyndon Terracini with Colin Piper (percussion) and Geoffrey Collins (flute)

Coliseum

Aureole

by CLEMENT CRISP

Changes in the repertory of the "Nureyev and Friends" evenings at the Coliseum have brought a wonderfully good deed —Paul Taylor's *Aureole* — to shine in the naughty choreo*graphic world of Songs of a Wayfarer* and *The Moor's Pavane*. Nothing could be more welcome on a hot night than the cool freshness of Taylor's inventions. They take the dancers bouncing and bounding over the stage, and show them as courteous, civilised beings. They have grace, both physical and spiritual, and the Taylorian style *of Jane Kosminsky and Daniel* Williams Grossman mingles easily with that of the Royal Ballet's Monica Mason and Lynn Seymour.

Not even Miss Mason can make me forget Carolyn Adams' feathery way with certain entries but she and Miss Seymour are happily cast, and Miss Kosminsky and Mr. Grossman dance as to the manner born. Mr. Nureyev assumes Paul Taylor's own *dances with nice respect for* their broad rhythms, and any chance to see *Aureole* is to be seized. (It should, of course, be in the Royal Ballet repertory.)

The other novelty of the evening was the *Flower Festival in Genzano* duet, but Mr. Nureyev looked fraught in it, tearing his solos effortfully out of the air rather than soaring to greet them, and Miss Mason has rather too grand a way for the dulcet charm of Bournonville's writing for a ballerina. In *Songs of a Wayfarer*, Mr. Nureyev and Daniel Lommel are well contrasted, and though I have no sympathy for the way Béjart *nails his dances on to the music*, Mr. Nureyev's gestural power, the sudden curves of despair his body takes, have an expressive richness that compels belief.

The programme note for *The Moor's Pavane* assures us that it is about "the tragedy of Everyman"; I am more than a little persuaded that it is, in fact, about a singularly uneasy bridge four, in which a good deal of unwise psychic bidding brings *just retribution, and lost tempers* all round. Not all the skill of *Miss Seymour and Miss Mason*, Mr. Nureyev and Fred Mathews, can convince me that it bears repeated viewing as a gloss on *Othello*.

Theatre Upstairs

Amy and the Price of Cotton

by MICHAEL COVENEY

Amy is a late-19th century woman moving to a big house in a Lancashire ripe for industrial facelift and the railway. Michael McGrath's first scene, tautly *written, reveals a tacky marital* set-up — Amy's husband seeks nightly sexual gratitude for his New World engineering efforts—and suggests a barren, Lawrentian landscape of stifled dreams beyond. That landscape shuffles into closer focus with the development of a relationship in subsequent scenes between Amy and a muscular, no-nonsense joiner hired to potter around the bored housewife.

James Aubrey plays the joiner with knitted brow and pent-up solemnity. He is *shaking off the* sluttish attentions of Phoebe (*Lydia Lisle*) while *pressing* ahead in his spare time with artistic impulses. His father, we learn, took him to a public hanging at the age of 13 since when he draws noosed nudes with slack tongues and (in the case of the *men) staff members*. *Phoebe* poses for him, and Amy, who moves out to share his proletarian grime and tin bath, finds herself cast as hapless witness to a fatal catastrophe. Not, however, before discovering while clad in a towel that their two hearts are "thumping together."

Too much literal reportage on this play would sound supercilious. Apart from the opening, there is a potentially fine scene between Amy and an *elderly*, hypochondriac student of world *markets in which sexual kinks* are implied as being endemic to *feudal status*. *The play* concludes with the sad return of Amy to her husband and her lover's portrait of herself urinating, a portrait the industrial pioneer refuses to destroy because, he says, it reminds Amy *of happier days*. Amy, however, detects that he takes some foul *and secret delight* in keeping it there. The marriage will survive as a compromise arrangement, and, while he works, she can always go out to do the shopping.

Mr. McGrath's play, winner of this year's George Devine Award, is unsatisfying not least because it fails to stand up as either historically reverberative or emotionally true. Ian Cullen is stolid and appropriately sad as the *husband*, while Celia Gregory, beautiful to look at *and possessing* a tantalising quality of hypnotic sexuality, is totally mis-cast as Amy. William Alexander's production, laboriously decked out with fine furniture on a bare stage is painstakingly slow to little effect.

Arts news in brief

London Festival Ballet has received a donation of £15,000 from the National Westminster Bank towards the cost of mounting a new production of The Nutcracker. This will be produced and choreographed by Ronald Hynd with *designs by* Peter Docherty. It is to open on the company's regional tour in Liverpool and will be seen in Leeds, Newcastle and Birmingham before coming to London to the Royal Festival Hall on December 27.

*

The first presentation at the *Old Vic since* the National Theatre vacated it in March this year, will be *the first production* by a new company which has emerged as the result of discussions between leading actors, directors, designers, writers and technicians.

The White Devil, by John Webster, to be presented from July 12, is a Jacobean tragedy about the corrupting influence of money. Edward Bond has *prepared the text for this* production.

The company includes Glenda Jackson and Patrick Magee.

*

A competition to choose a historical novel, organised by Macmillan London and Pan Books, and Coward, McCann and Geoghegan in New York, has been won by E. V. Thompson, whose novel *Chase the Wind* tells of the lives and times of the Cornish copper miners in the 1840s. This is Mr. Thompson's first novel.

The winning book, which will be published on both sides of the Atlantic in spring 1977, was *chosen from over 200 entries for* the competition, which guarantees the winning author an initial advance against royalties of £7,500 for a full-length work of historical fiction.

New End

The Bitter Tears of Petra von Kant

by B. A. YOUNG

Petra von Kant, a successful dress-designer, falls in love with Karin, a common but beautiful girl who is brought to see her *by her friend (or sister?)* Sidonie. Karin moves in with her but soon revealse herself as selfish and stupid: within six months she leaves to rejoin her husband, or so she says.

This is what lies at the hub of Rainer Werner Fassbinder's play, and it yields one excellent scene and two *fertile parts. Petra* is played by Delphine Seyrig, her *fuzzy ginger hair giving her a* look of Colette. She establishes her character early as selfish, chic and dignified, and when Karin has got her claws in, and lies in bed expecting unquestioning service, the degradation is heart-rending. Fassbinder understands very well the scarifying *pain of unreciprocated love for* an unworthy partner.

The play as a whole does not reach as high a standard as this scene does, nor does Miss Seyrig's playing, though it offers some *telling moments*, more particularly when she is in a restrained *mood. The spasms of agony after* Karin's departure, the grovelling at the telephone at her bizarre birthday celebrations—these are affecting, but not so affecting as, for instance, the apparent insouciance with which she declines to meet Karin when she proposes a re-encounter.

The play, which I guess to have been made from the film rather *than the other way round*, introduces a lot of unabsorbed detail, *such as Sidonie's visit bringing* Karin with her (why?), and the quite new line begun by Petra's daughter and her sympathy for her mother's impassive but omnicompetent servant Marlene, who is played with remarkable humour by Angela Pleasence. Fassbinder has allowed himself too much *surface narration*, such as would be needed in a film *script, at the expense of the* introspection that he deals with so well.

Mary Tamm makes a nicely *hateful girl of Karin, and I felt* the relationship between the *women was well realised*. Yet the final exit of the wordless Marlene was almost as moving as anything that passed between the others.

The director is Robert Walker and the designs are by Bob Ringwood and Kate Owen.

Milligan returns to the Mermaid

Spike Milligan returns to the Mermaid Theatre with his show, *Spike Milligan and Friends*, for nine late-night performances only, from July 7 to July 17 (excepting July 8 and 11) at 11 p.m. His friends on this occasion are folk singer Dave Start and pianist Fred Loftin.

The theatre is offering a full buffet supper (from 9 p.m.) for *£3.00 inclusive, and the theatre* bars are open after the show until 12.30 a.m. All seats are £1.50.

Grand Palais, Paris

Ramses the Great

by MICHAEL PEPPIATT

From now until October 17, the most alluring and most crowded exhibition in Paris will be the Grand Palais' evocation of Egyptian art at the time of Ramses II. All but two of the 52 exhibits have never left Egypt before; several of them are monumental pieces, but easily accommodated in the Grand Palais' specially darkened galleries.

Absolute power is what this art and, of course, its corresponding architecture communicate most directly. Ramses was not of royal lineage (Ramses I had been a vizier), and he was particularly concerned to emphasize his unchallengeable right to the throne. Not content, like other pharaohs, with his claim to divine favour ("chosen by the sun, cherished by Amon and by Ptah"), Ramses was to declare that he himself was a god. At his sanctuary at Abu Simbel, he had his image carved between those of Re and Amon, to receive, godlike, the sun's rays as they reached into the temple.

But during the 67 years of his reign (c.1290-1224 BC), Ramses also proved himself in earthly matters. This "husband of Egypt" (as he called himself) was by no means only a creator in stone and monument, but a brave soldier and a skilful politician. Having fought fiercely against the Hittites, he negotiated a treaty with them which was to bring a long period of peace to the country.

Ramses appears to have been equally adept at the arts of peace. Few sites along the Nile valley were left untouched by his desire for grandeur and self-assertion. At Pi-Ramesses ("residence of Ramses"), in the Delta, he created a city whose buildings and gardens were famed for their magnificence. The walls of his temples are adorned with the graceful, erect figures of his sons and daughters: 162 children in all, according to one graphic account. (It is true that he was provided with a well-appointed harem at the age of eight.) To maintain the purity of pharaonic blood, he is known to have married at least two of his daughters.

Towards the end of his eighty-eighth year, "the Falcon flew away," as the inscription says, and the divine flesh went to rejoin the power from which it had come." His tomb, like those surrounding it, was looted, so none of the burial treasure has come down. But the present exhibition is rich in striking images of this "Sun Pharaoh." He sits, as a child-king, between the feet of a falcon-god at the entry to [illegible] show. Later he [illegible] increasingly monu[illegible] a [illegible] and [illegible] twenty high [illegible] Gerf Hu[illegible] [illegible] where [illegible] seems to have

been *stilled only for a split-second to the oldest clock in the world, the clepsydra. Those with* a taste for ancient treasure will *not* be disappointed either, because Tutankhamen's chariot and bed, both covered in gold, as well as some massive jewelry have been included.

Walking through these records of Ramses' crushing, oddly static authority, it is curious to reflect that Akhenaton, whose new faith temporarily revolutionized Egypt, died only a half-century before Ramses' accession. The mannerist strangeness, the sense of metaphysical anguish and extremism in the sculptures of Akhenaton might never have existed. No doubt is allowed to *overshadow* art under the immensely self-centred, self-*confident Ramses. Because of* this, perhaps, it also lacks a dimension of *mystery*. The art at the Grand Palais certainly impresses, but it does not have the power of fascination that the images made under Akhenaton retain.

Top of the sarcophagus used for the reburial of Ramses II

Orchestral Masses at St. Paul's

On Sunday, July 4, the *opening day* of the City of London Festival, St. Paul's Cathedral will hold the first of four continental style services, similar to those held at Salzburg during the Salzburg Festival, when Holy Communion will be celebrated under the Dome to Schubert's Second Mass in G. The Cathedral Choir, of 18 men and 30 boy choristers, will be accompanied by St. Paul's Chamber Orchestra.

On July 11, Mozart's *Missa Brevis in D* will be sung, Haydn's *Nelson Mass* on July 18 and Schubert's *Fourth Mass in C* on July 25.

These services start at 11.30 a.m. each Sunday.

'Ride! Ride!' London run extended

Ride! Ride! the musical about [illegible] Wesley, is to have its [illegible] run at the West[illegible] theatre extended in

WORLD TRADE NEWS

Eximbank rejected S. African loan plan

By David Bell

WASHINGTON, June 30.

THE U.S. Export-Import Bank earlier this month rejected a proposal that it should guarantee a $450m. loan to help finance a large South African oil from coal plant in the Transvaal.

The Fluor Corporation of South Africa was due to build the major part of the plant for Sasol, the South African oil company, and about 20 other American companies were to be suppliers. The loan would have covered all but $50m. of the cost of the new plant. Fluor declined all comment to-day and Sasol could not be reached.

A spokesman for the Eximbank said that the rejection of the proposal, which occurred before the recent riots in Soweto, did not have a political motive but sprang from the Bank's feeling that "the size of the request coupled with uncertainty on other aspects of financing" made it a project in which it should not participate, at least for the time being, he said that the Bank might look at the proposal again if circumstances changed.

While the Bank has always insisted that it is studiously neutral about projects in South Africa. The rejection of the proposals—on June 17—came less than two months after a number of Congressmen and Senators had written to the President protesting at suggestions that Eximbank might itself make a loan for the project. Among them was Sen. Dick Clark, chairman of the Senate Sub-Committee on Africa.

A direct loan was apparently abandoned soon after this and Congressional sources said this afternoon that they were pleased that the Bank had refused to guarantee the loan at least for the time being. Its rejection follows the South African decision to buy two nuclear reactors in France rather than from U.S. General Electric which in turn followed criticism of the deal on Capitol Hill.

*

Leyland South Africa has been awarded a £1.9m. contract by the Cape provincial administration to supply 250 Leyland Boxer and Eland trucks. It is one of the most valuable truck orders received by the South African company.

MIKI IN WASHINGTON

Growing Japanese surplus worries U.S. authorities

BY DAVID BELL

WASHINGTON, June 30.

MR. TAKEO MIKI, the Japanese Prime Minister, was meeting President Ford to-day amid growing concern about the size of the Japanese trade surplus with the U.S. which has been growing rapidly this year.

There has been some concern in recent weeks that the Japanese may be tempted artificially to restrain the Yen to help keep exports competitive and that this may be one of the factors that could contribute to another surge in Japanese shipments to America.

In the first five months of this year the Japanese trade surplus is some $2bn. compared with only $800m. last year in the comparable period. The fear is that it may grow in the remaining seven months of the year until it reaches the $4bn. that caused so much difficulty in 1972. At that time the surplus was some two-thirds of the entire U.S. trade deficit and although it would not be such a large percentage now, it would certainly lead to renewed pressure here for some form of control on the growth of Japanese exports.

This pressure has eased somewhat in recent months, partly because of the economic recovery and partly because Japanese special steel producers proved surprisingly amenable to the U.S. proposal that they sign an Orderly Marketing Agreement voluntarily restricting their exports of special steels to the U.S. At the same time the U.S. Treasury inquiry into car dumping concluded that Toyota and Nissan, the two major exporters, were not dumping their products, which took much of the steam out of the case being made by American car unions.

Cars remain the largest Japanese export to the U.S., but sales of consumer goods made in Japan have been picking up strongly as the American economy has continued to recover. In contrast, some 62 per cent. of U.S. exports to Japan are of raw materials or agricultural products, with the balance composed of machinery and some consumer goods, although American companies continue to complain about the difficulty of access to the Japanese market.

In the first four months of this year the U.S. imported $4.7bn. worth of goods from Japan and exported $3.1bn. in return. Last year as a whole U.S. exports totalled $9.6bn. compared with imports of $11.4bn. In the first four months of last year U.S. exports were $3.4bn., while Japanese exports were noticeably lower at $4.1bn.

Lazards in launch of merchant bank in Korea

BY RICHARD HALL

SEOUL, June 30.

AGREEMENT WAS signed here to-day between Lazards of London and five local industrial companies to launch Korea's first merchant bank. This event is likely to improve British chances in Korean capital projects and in the setting up of joint ventures.

Lazards will hold half of the issued capital of $5m. (Won. 2.5bn.) in the Korea Merchant Banking Corporation (KMBC), which will locally be called Hankuk Chong Keum Chusik Hwoesa.

The initiative for the forming of the bank came from the Korean side, although Lazard's involvement with this country goes back to 1968. An assistant director, Mr. Peter Godwin, has made more than 20 journeys to Seoul to help put through British capital equipment exports totalling about £100m.. These include methanol plants, atomic power station equipment, and steel production installations.

Domestically, the KMBC will be concerned with the short-term money market, will manage underwriting, and gradually develop investment management business. It will also provide advisory services. "We hope we may introduce new ideas in some of these fields," Mr. Stanley Wright, Lazards' managing director, said to-day.

The corporation is seen as having a major role in foreign borrowings for Korean industry, acting as an intermediary. It will also give on-the-spot advice on joint ventures. It is planned that Lazards will eventually sell part of its holding to other non-Korean concerns. The five industrial companies share 40 per cent. of the capital, and Korean commercial banks are due to subscribe the remaining 10 per cent.
Reuter

Michael Blanden writes: The $2.5m which Lazards is putting into the venture is a substantial investment for a merchant bank. The bank sees the move, as fitting into its general policy of selective development internationally in areas of potential growth. The London bank's contribution to the new venture is expected to include advising on and helping to find the management of the bank. Lazards expects however, to reduce its own stake when further shareholders are introduced: no specific plans are in hand at present, but it is thought these could include international banks from other nations with strong interests in Korea such as Japan, W. Germany, France and the U.S.

Japan to form special steels cartel

TOKYO, June 30.

MITI, Japan's Ministry of International Trade and Industry said some 20 Japanese trading houses and special steel makers are to form an export cartel. This follows the U.S. imposition of import restraints on special steel from Japan over three years, which started on June 14.

Under the cartel, which will be formed in accordance with the Export-Import Transaction Law, the Japanese companies will share special steel exports to the U.S. to co-ordinate their shipments to the market, the Ministry said.

Japan and the U.S. reached agreement on June 11 to curb shipments of Japanese special steel to the U.S. to not more than 66,400 short tons for the first year, 68,400 tons for the second and 70,400 tons for the third.

Brazil order

Ishikawajima-Harima Heavy Industries (IHI) and Mitsubishi Heavy Industries have received a Y19bn. (about £38m.) order from a Brazilian State-run steel company to supply a steel rolling mill and related equipment capable of producing 3.2m. tonnes a year.

IHI said the mill will be installed at the Companhia Siderurgica Nacional (CSN) Volta Redonda factory, scheduled for completion in August 1978. It added that it received the order in co-operation with its subsidiaries in Brazil—Ishikawajina do Brasil Estalheiros and CBC Industrias Pesadas.
Reuter

Record TV exports

TOKYO, June 30.

JAPAN'S EXPORTS of colour televisions hit a monthly record of 396,400 units in May, 2 per cent. up from the preceding month and 118 per cent. higher than the same month last year, the Electronics Industries Association said. The previous high was recorded in April with 388,000 units.

Exports for the first five months of the year totalled 1,649,000 units; surpassing the 1,576,000 units exported in the whole of 1971. Estimates for total exports in calendar 1976 are set at about 4m. units, against the record 2.756m. units exported last year.

The U.S. absorbed 235,000 units in May, nearly three times the year-earlier level. Exports to Canada, Brazil, the Netherlands and West Germany also soared. A boost in domestic shipments to 556,000 units in May from April's total of 480,000 was attributed to the approach of the mid-year bonus season.

Meanwhile, colour television production in May totalled 865,500 units, up 46.7 per cent. from a year earlier. It was the third straight month that production topped the 800,000 unit level.
AP-DJ

ENI signs gas contract in Algeria

ALGIERS, June 30.

ALGERIA to-day signed a contract with a subsidiary of the Italian state enterprise ENI to construct two natural gas reinjection stations worth $237.5m. the official news agency APS reported.

The stations will complete two gas treatment plants to be built at the Hassi R'Mel field 250 miles south of Algiers.

The reinjection stations will each pump 20,000m. cubic metres of gas a year back into the field to provide a higher yield of condensate, propane and methane for extraction by the plants.

The treatment plants are due to go into production by about 1980. A third plant is already being built by an American company and a contract for a fourth is under negotiation.

After signing the contract with the Algerian State oil and gas concern, Sonatrach, ENI President Pietro Sette was received by Algerian President Houari Boumedienne. The ENI subsidiary involved is Nuova Pignone of Florence.
Reuter

AMERICAN NEWS

U.S. money supply policy defended

By Our Own Correspondent

WASHINGTON, June 30.

DR. ARTHUR BURNS, chairman of the Federal Reserve system, took issue to-day with suggestions that the Fed is keeping too tight a grip on the expansion of the nation's money supply.

He told the Congressional Joint Economic Committee that the Fed intends to stick to its goal of an increase in the basic money supply of between 4.5 per cent. and 7 per cent. between now and early 1977 and he reiterated the claim he has made often in the past that it has been the Board's policy of only moderate relaxation of control of the money supply which has kept interest rates from rising too sharply during the current recovery.

Some private individuals and the staff of the Senate Banking Committee have said recently that they do not think that the increase allowed by Dr. Burns will be enough to sustain economic growth over an extended period, but Dr. Burns said moderation remained imperative if inflation was to be kept as low as possible.

The Fed chairman said that the economy had made good progress during the year but said that much still needed to be done, particularly to reduce the "much too high" level of unemployment. He predicted that unemployment would however, probably drop below 7 per cent. by the end of this year and go down to about 6.5 per cent. by the middle of next year. This compares with the current unemployment rate of 7.3 per cent.

At the same time, he said that, provided "prudent" fiscal and monetary policies were used next year, the rate of inflation could drop to 4 per cent. from its current level of between 6 and 7 per cent.

Dr. Burns' defence of the communique issued after the recent Puerto Rico meeting was sharply attacked by Sen. Hubert Humphrey, the chairman of the Committee, who said that both he and the communiques signatories had not paid sufficient attention to the need to reflate further to reduce unemployment. "The Administration is urging a policy of sutained high unemployment, year after year, and they are urging other nations to pursue the same strategy," he said. He noted that he found this position incredible, particularly in the light of the fact that Puerto Rico itself had an unemployment rate of 30 per cent.

U.S. DENIES PACT DELAY

WASHINGTON, June 30.

THE White House to-day disputed a claim by Soviet Leader Leonid Brezhnev that the U.S. was dragging out negotiation for a new strategic arms agreement because of the Presidential election campaign. Mr. Brezhnev made his allegation yesterday at the European Communist summit in East Berlin.

Franco-Soviet Pact Page 6

Goldwater backs Ford 'in interests of party unity'

BY DAVID BELL

WASHINGTON, June 30.

PRESIDENT FORD, still locked in an increasingly bitter battle for delegates with Mr. Ronald Reagan, to-day received the valuable public endorsement of Senator Barry Goldwater, the conservative Senator who led the Republican Party to a landslide defeat in 1964, but is still highly regarded within the party.

In Pittsburgh, meanwhile, Mr. Jimmy Carter took the opportunity of a speech to supporters to warn against Democratic over-confidence in the face of the continuing fissures within the Republican ranks. He said the Democrats would face a much tougher fight than the polls now indicate and that the Republicans would "undoubtedly close ranks" after the convention.

Sen. Goldwater, who was strongly suported by Mr. Reagan in 1964, called his decision to support Mr. Ford the most difficult of his life, but said he had taken it in the interests of party unity. He said that the country and the economy needed four more years of Republican government and that the party is risking a major defeat "over a hair-splitting debate about which of the two genuine and bona fide conservative candidates is the more conservative."

This endorsement is likely to make President Ford's delegate hunting a little easier in the difficult weeks ahead although some of the most conservative Republicans believe that Mr. Goldwater has "sold out" his conservative principles and may choose to ignore his warnings.

Mr. Carter, still almost unable to believe the peace that has settled over the usual fractious Democratic Party, yesterday gave a long and studied speech about the nation's decaying big cities, describing their condition as the major economic and social problem facing the United States. The speech pledged that a Carter administration would encourage warm relations with the cities and be sympathetic to their needs. But, in characteristic Carter style, it stopped short of the kind of open-ended commitment that might have been forthcoming from the likes of Senator Hubert Humphrey.

Tough package in Peru

BY OUR OWN CORRESPONDENT

LIMA, June 30.

PERU'S military Government announced a package of tough economic measures to-day following its massive 44.4 per cent. devaluation.

A partial wage freeze, a strong cutback in Government investment spending, increased export taxes, petrol price doubled, higher interest rates and a 10 per cent. maximum on dividend payments, are among the main features of the package.

The need for the measures has been evident for some months as Peru's foreign exchange reserves are virtually non-existent and the IMF and United States bankers have been insisting on belt-tightening measures.

The political effects of the devaluation and the package are certain to cause problems for the military government, led by General Francisco Morales Bermudez. A combination of recession and strong inflation—now expected to rise to an annual rate of at least 60 per cent.—will bring its popularity to a new nadir, as General Morales has himself already acknowledged, and bring on repressive measures against the sectors the Government is supposed to represent—the miners, the workers and the Campesinos.

Jamaica 'terror plot'

BY CANUTE JAMES

KINGSTON, June 30.

JAMAICA'S Prime Minister Mr. Michael Manley said yesterday that the island's security forces had discovered a terrorist plot to overthrow the Government. The evidence was in handwritten documents belonging to a prospective election candidate for the opposition Jamaica Labour Party, he said.

The document mentioned St. Anne's, in northern Jamaica, as the area of operation, and listed supplies of 200 rifles, 100 submachine guns, two barrels of gunpowder and 50,000 anti-Government pamphlets.

The Prime Minister, in a statement to Parliament on the state of public emergency now in its eleventh day, said also that the security forces had found tape recordings of secret instructions in the home of a deputy leader of the JLP, Senator Pearnel Charles.

Both the prospective candidate, Mr. Peter Whittingham, and Senator Charles, are among the 66 persons detained under the state of emergency regulations being interrogated by the security forces at army headquarters in Kingston.

At a Press conference this morning the Prime Minister said he was unable to comment on whether there was any evidence that the guns and the training facilities referred to in the documents were already in Jamaica.

Other documents found by the security forces refer to an "anti-league" devoted to what Mr. Manley described as "the standard lie of the Opposition that I am a Communist heading a Communist government."

The document also referred to an organisation called "Operation Werewolf," and a high command which was willing to collaborate with internal and external forces in removing the Government.

REPORTING BAN IS OVERRULED

By Our Own Correspondent

WASHINGTON, June 30.

THE SUPREME COURT to-day struck out a ruling by a Nebraska court which barred newspapers from reporting testimony in the pre-trial hearing of a sesational murder case.

The Nebraska court had issued a so-called "gag order" to ensure a fair trial for the defendant charged with the murder of an entire family. The case has been followed closely by American newspapers who have fiercely opposed any restrictions on the reporting of evidence in pre-trial hearings—the equivalent of British magistrates' courts.

Chile peso revalued by 11.2%

By Hugh O'Shaughnessy

THE CHILEAN peso was yesterday revalued from 13.90 to 12.50 to the U.S. dollar or by 11.2 per cent. as part of a package of economic measures. The move created a good deal of surprise in economic circles since only a few days had elapsed since the Chilean currency was devalued for the seventeenth time this year. Its value dropped from 8.50 on January 1 to 13.90 on June 25.

In a radio and television broadcast General Augusto Pinochet, the President and head of the military junta, said the move had been made because Chile had "regained international credibility."

He promised measures to provide increased credit for productive activities, reduce bank interest charges and make the tax system fairer and more efficient.

The moves come at a moment when Chile is in a deep slump. The gross domestic product fell 16.2 per cent. and manufacturing output 23.5 per cent. in 1975 and there has been little if any recovery in the course of the past six months. Unemployment among manual workers is officially put at 23.5 per cent. and rising.

Unemployment in some sectors is around 50 per cent.

General Pinochet's move comes after increasingly severe living conditions have provoked protests from labour spokesmen. Last week the price of bread, flour and public transport rose 10 per cent., kerosene and other fuels by 20 per cent. or more.

Opponents of the junta also allege that its policies have operated to the benefit of a small number of financiers with the funds to take advantage of the weakness of more vulnerable businesses.

General Pinochet's change of tack may presage new rivalries between him and General Gustavo Leigh, the air force member of the four-man junta.

THE BRAZILIAN ECONOMY

The crunch to come

BY DAVID WHITE, RIO DE JANEIRO CORRESPONDENT

FERNANDO is a Rio de Janeiro barber with newly-acquired middle-class status, a saloon car, a club to drive out to at the week-end, and a holiday booked to Portugal, from where he emigrated 30 years ago. But recently he has been complaining. He has read that the petrol he uses is about to go up another 25p to £1.30 a gallon, and he is having to scrape together the sum of £1,280 which he and his wife will now be required to deposit in order to leave the country.

The restrictions imposed in June on foreign travel brought home to middle-class Brazilians, who were beginning to travel on an unprecedented scale, that while they were first in line for the privileges of a boom economy a few years back, they are not going to be exempted from the ill effects of a struggling economy in 1976. It is a bitter pill to swallow, and the reaction to the Government's recent measures has been less than sympathetic. "They are already calling me Herod for not letting the kids go to Disney World," Sr. Mário Henrique Simonsen, the Finance Minister, commented.

The negative reaction may be exaggerated. The measures are expected to save at least $200m. of a current account deficit of probably $5bn., and according to Sr. Simonsen will only affect 0.3 per cent. of the population. But the fact that most Brazilians are a long way from such luxuries as holidays has been better exploited by the humorists than it has by the Government, whose public relations effort has been symptomatically lacking.

Various conclusions are being read into the proliferating series of bald decrees by which Brazil is seeking to tackle the delayed effects of the oil crisis. One, popular in intellectual circles, is that President Ernesto Geisel is becoming more and more isolated and relying less and less on his ministerial team or political backers. Increasingly, one hears businessmen criticise the ministries for lack of decisiveness or co-ordination, and sigh for the days of the "captains of industry" under Sr. Antônio Delfim Netto, one-time Finance Minister and now Ambassador in Paris. They voice their dissatisfaction by urging a return of Sr. Delfim, as if his presence in Government could conjure back the "economic miracle" with which his term in office coincided.

There is also a feeling—despite the way foreign bankers have voiced approval of the measures—that Brazil is coming to the last of its devices for dealing with the trade deficit, and that these last devices are the clumsiest. The questions now are what happens next, and whether the Government will wait until after the local elections in November. Petrol rationing is still being ruled out as impracticable; the increasing administrative complexity created by import and other measures is causing discomfort, and a rise in petty corruption. Word has it that another stinging price increase for petrol is on the way, with the country's oil import bill moving up towards $4bn. this year, a third higher than last year, and new discoveries unlikely to bring relief for some time.

Two things can happen with a fuel restriction policy. Either—as has happened up to now, even with some of the world's highest petrol prices—it will not discourage Brazil's 4m. proud car-owners, or it will hurt the car industry, the most conspicuous example of Brazil's industrial status.

In order to relieve the burden of imports and withstand rising inflation, the Government has already sacrificed for the time being the hope of high economic growth, cutting imports of foreign machinery for industry, and making credit more difficult. A spurt in industrial output at the beginning of the year is showing signs of easing off, and the rise in Brazil's gross domestic product for the year is expected to be less than last year's 4 per cent.; the Government hopes it will at least keep up with the 3 per cent. annual population increase, thus avoiding a decline of per capita income.

At the same time, the restrictions — which also include "superfluous" imports, some of which have effectively been banned completely—have lost the Government some affection among the middle-class and the business elite—two pillars of the military-guided regime which has been in power since 1964. Results have been painfully slow to come. Although imports have been reduced, the visible trade performance so far this year has been well below expectations, and the deficit has already passed the $1bn. mark. The result for the year is thought likely to be anything between this and a $2bn. deficit, depending on crops, after a $3.5bn. deficit in 1975. To this must be added a shortfall of at least $3.5bn. in services.

Foreign reserves have been run down by more than $2.5bn. from the $6bn. level with which Brazil started 1974. Inflation is running at an annual pace of 42 per cent., the highest for over eight years, and the cruzeiro is being devalued at the fastest rate—19 per cent. already this year—since Brazil started its system of step-by-step repegging against the dollar in 1968. In the black market it has lost value even faster, although the recent brisk trade in dollars may dry up as a result of the curb on tourism.

Rather more obviously than last year, the Government's sums have been proved wrong. Ever since prices started spurting in January and February, Sr. Simonsen has been predicting a reduction. The trade position, it is true, has been distorted by weather damage to last year's sugar; but it would be unwise to count on any year in Brazil not affected by either frost, flood, fire or drought, or a combination of them. Manufactured exports have risen, and there are good harvest expectations for the second half of the year, despite a bad drought in north-eastern Brazil. The Government has important reasons for counting on an improvement.

To Brazil's foreign creditors—partly reassured during President Geisel's visits earlier this year to Paris and London—this is a crucial stage. The public and private sector together owed $22bn. abroad at the beginning of the year, and this is likely to reach $27bn. by December. Last year, the cost of servicing the debt soaked up more than 40 per cent. of Brazil's exports. Sr. Simonsen has vigorously countered an opposition senator's suggestion that Brazil was steering towards a moratorium on its foreign debt. But loan terms are getting shorter, and there is more competition on the market. Informed opinion has it that Brazil will either succeed in turning round its trade performance in the remainder of this year, and perhaps reach a balance by the end of 1977, or it will then have to start thinking about renegotiating at least part of its debt.

One proposal to ease the debt burden has come from Sr. Roberto Campos, former Planning Minister and currently ambassador in London, who suggested that foreign companies should be obliged to convert loans made to their Brazilian subsidiaries—estimated at $4bn.—into equity capital. The plan has not been taken up by the Government.

How long the critical stage is likely to last depends to a big extent on oil, the opening up of new offshore wells, and the results of the Government's decision to bring in foreign companies on "risk service contracts" (under which the companies will be paid for their services if and when oil flows in commercial quantities).

These, with self-sufficiency programmes in industry, mineral projects and expanding agriculture, could present a much rosier picture four or five years hence. Sr. Simonsen describes Brazil's present phase as one of "planting" rather than "harvesting."

However, the uneasy voices in business appear to be increasing in volume: there are suspicions about General Geisel's growing "personalism," especially after his trips abroad, and worries about November's local elections, to which the President has attached an importance beyond their normal scope. The economic situation and inflation in particular, seem bound to weigh against the Government.

Brazilian Mines and Energy Minister Shigeaki Ueki has announced an 18.48 per cent. increase in the prices of petrol and its by-products, effective from midnight on Thursday, AP-DJ reports from Brasilia. The new price rise average is $1.53 per gallon for regular and $1.98 for premium.

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OVERSEAS NEWS

OAU will condemn South Africa and reject Transkei

BY STEWART DALBY

PORT LOUIS, June 30.

ANY LINGERING hopes South Africa may have retained that recognition of the Transkei by a black African state could pave the way for world-wide acceptability for the Transkei, the first South African homeland due for independence, are likely to be firmly squashed when the African Heads of State arrive here for the thirteenth annual summit of the Organisation of African Unity.

The Council of Ministers of the 48-member body (the Seychelles joined yesterday) were to-night putting the finishing touches to something over 40 resolutions which the Heads of State are to consider. Among them is a fiercely worded item on the Transkei which says the movement "strongly condemns the South African homelands policy," "orders" members to stop all contacts with homeland leaders and "commits" them not to recognise the Transkei when it becomes independent.

Revealing the exact wording of the resolution, Mr. Peter Onu, the body's official spokesman, said another resolution condemning South Africa had also been finalised. This concerned sport.

The resolution strongly condemns New Zealand and any countries participating in sporting activity with South Africa, and appeals to the Olympic committee to ban New Zealand from the next Olympic Games. It "invites" members to "reconsider" whether they should participate in the Olympic Games.

Anti-South African moves have figured prominently in the resolutions considered by the Council of Ministers as a result of the widespread anger felt among members over the riots in black South African townships during which 176 people were killed and 1,000 injured.

Apart from the South African resolutions the most contentious are likely to be those involving Djibouti, or the territory of the Afars and Issas, over which Ethiopia and Somalia are in dispute and which is due to gain independence from France early next year; and the item concerning the Western Sahara, the former Spanish possession which is now jointly administered by Mauretania and Morocco, but which is contested by Polisario, an independence group supported by Algeria.

France's reluctance to relinquish control of Mayotte to the Comoros is also likely to receive a blast of condemnation.

Our Foreign Staff writes: The mercenaries convicted in Angola had a fair trial, according to a British observer. Mr. Jack Dromey, vice-chairman of the National Council for Civil Liberties, and a member of the international commission of inquiry on mercenaries set up by the Angolan Government, said procedures were fair at the Luanda trial and the mercenaries had the opportunity to answer the charges. The proceedings were not perfect, but were conducted with dignity and solemnity, he told a news conference in London.

Mr. Dromey said if the British Government was to appeal for clemency, it could strengthen its plea by making moves to stop the recruitment of mercenaries. That would make it easier for President Neto to exercise clemency, he said.

Indian oil search launched

A MAJOR Rs.4.3bn. (£260m.) programme is to be launched by India's Oil and Natural Gas Commission immediately to search for oil all over the country, K. K. Sharma reports from New Delhi.

The programme involves getting the help of foreign drillers so that exploration work in promising onshore areas is carried out quickly.

Thus foreign firms will be allowed to drill in the country for the first time, but the Minister of Petroleum, K. D. Malaviya pointed out that no change in policy was involved, since drilling will be done under contract and no production sharing would be permitted.

Envoy expelled

The Libyan Ambassador, Mr. Milod El-Sedik Ramadan, arrested in Cairo last night, was called to the Egyptian Foreign Ministry to-day and told to leave the country at once, informed sources said, reports Reuter. Egyptian officials said Mr. Ramadan was distributing anti-State propaganda when he was detained.

Singapore loan

The Singapore Government is to raise another S$400m. to finance development expenditure by way of a public issue of domestic registered loan stocks, our Singapore correspondent writes.

Ghana delay

The Ghanaian Government said yesterday it has again postponed an investment policy decree which seeks to give controlling shares in foreign companies operating in Ghana to Ghanaians. Reuter reports from Accra.

Egyptian threat

The chairman of Egyptair, has threatened to resign because of Government red tape, AP-DJ reports from Cairo. He said three of the airlines new jets are immobilised because of a lack of spares, and he said he had to scrape up $4m. to pay fuel bills abroad.

Israel court move

The Jerusalem District Court yesterday overruled a lower court decision that sparked off months of violent Arab protest, UPI reports. It set aside the ruling that acquitted eight Jewish youths of disturbing the peace while praying on Mount Moriah, a site holy to both Moslems and Jews.

Rhodesia denies attack claim

BY TONY HAWKINS

SALISBURY, June 30.

THE RHODESIAN Government tonight described as "absolute nonsense" a Maputo claim that Rhodesian security forces had killed three Mozambique civilians and three Frelimo troops last Saturday.

The Mozambique government had earlier claimed hat Rhodesia had attacked the village of Mapai, about 50 kilometres inside Mozambique using artillery, fighter-bombers and helicopter-borne troops. Mozambique also claimed to have killed 29 Rhodesian troops, including nine officers, when Rhodesia staged an attack at Malvernia into Mozambique, also last weekend.

Describing the reports as "transparent nonsense" a Rhodesian spokesman said this was part of Mozambique's campaign to win sympathy and financial aid from the Organsation of African Unity leaders meeting this week in Mauritius.

Meanwhile, the vice-president of the moderate Rhodesia Party Mr. Allan Savory, to-day appealed for a constitutional conference to be attended by all Rhodesian political groups, including both wings of the African National Council and the so-called "third force" (the Zimbabwe Liberation Army). Speaking in Salisbury, Mr. Savory—who last week was accused of treason by a Government backbench MP—said Rhodesia was fighting a war that the Government could not hope to win.

He accused the ruly Rhodesian Front Party of blocking a meaningful constitutional conference. Any conference, he said, would lead to immediate majority rule, but with a heavy bias towards moderation.

Reuter adds from Nairobi: Kenya to-night rejected as "utterly false" Ugandan allegations that Kenyan armed forces destroyed a police post in north-east Uganda this week.

A Ugandan military spokesman, quoted in a Kampala Radio report monitored here, said Ugandan troops had been given the "green light" to cross into Kenya in hot pursuit if border crossings by Kenyan forces were repeated.

Meanwhile in Port Louis, Mauritius, a senior official of the "Third Force" was reported shot dead in Tanzania and the force commander to have disappeared, according to sources close to the foreign ministers' conference.

Australia uranium plan

ADELAIDE, June 30.

THE SOUTH Australian state government to-day released a previously confidential report recommending the establishment of a $14bn. uranium enrichment plant near the state capital of Adelaide.

Drawn up by the uranium enrichment committee in February and circulated privately, the report recommends the cost of the plant be met with debt financing by purchasers of Australian uranium.

Another recommendation in the report is that a decision on the South Australian plant be made as soon as possible to ensure export sales of uranium are made subject to refining and enrichment in Australia.

The report says the suggested South Australian plant could earn $428m. a year and become the country's largest single industrial complex.
Reuter

MALAYSIAN FEARS OF COMMUNISM

Fighting a common enemy

BY WONG SULONG

THE ARREST of Samad Ismail, probably the most distinguished Malay writer and editor in Kuala Lumpur, illustrates the nervousness of the authorities about the strides being made by the Communists in Malaysia. Until now, the Communists had been supposed to be almost entirely Chinese.

Another aspect of the affair is that whatever their differences, and there are plenty, Malaysia and Singapore are of one mind when it comes to cracking down on a common enemy—the Communists.

Mr. Samad, managing editor of the New Straits Times publishing chain, and a novelist with a considerable following in the Malay world, was arrested by the Malaysian special branch last week, but it was left mainly to the special branch in Singapore to fill in the accusations.

Voluminous confessions were extracted from two Malay editors, detained in Singapore, accusing him of being the mastermind behind the plot to subvert the Malays in both territories to Communism.

Singapore authorities are, understandably, worried about the resurgence of Communism in peninsula Malaysia in the past two years. If Malaysia goes Communist, Singapore's independence becomes untenable.

It is not surprising then, that during the Thai Foreign Minister's recent visit to Singapore, Mr. Lee Kuan Yew, the Singapore Prime Minister, spoke to him of his Government's uneasiness about the Malaysian withdrawal of police troops and intelligence officers from South Thailand, and stressed that cordial relations must be maintained.

Singapore's position in the fight against the Communists is an awkward one, and can best be likened to that of a pillion rider sitting nervously on a motor-cycle, driven by someone, some of whose policies, he feels, are bringing them dangerously close to the Communist minefields. Yet, with no hands on the controls, the pillion rider can only be constantly vigilant, and alert the rider to the dangers ahead.

The need for vigilance on the part of the Singapore intelligence authorities is even more vital now that the Malaysian special branch has lost many of its old Chinese hands.

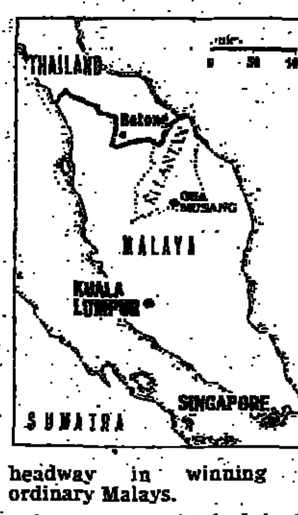
The confessions of the Singapore journalists leave many questions still unanswered, and one is left wondering about the timing of the arrests and the motive behind them.

One possibility is that the Singapore and Malaysian authorities moved in on Mr. Samad at this junction simply because to extricate him at a later stage might be extremely difficult. Also, both governments are concerned about the bitter factional fighting within Malaysia's ruling Malay party, the UMNO.

While Singapore has always worked to thwart any Malay alliance aimed at it, the island's leaders share the feeling with their counterparts in Kuala Lumpur that a weak, divided UMNO, is unconducive to the stability of the Malay peninsula. A clearer picture of the power structure in UMNO may emerge at the party's general assembly at the weekend, and the disclosure of the subversion plan may give greater weight to calls by party leaders to close ranks.

Malay leaders see Malay unity as the most reliable bulwark against the Communists. Islam is one of the vehicles of Malay unity, as well as an obstacle to Malay Communism.

To foster Malay unity the Malayan Communist Party is portrayed as a Chinese movement. The numerous pictures of young Communist recruits now being splashed on television and print media show them all as Chinese. While the allegation that such a prominent Malay as Mr. Samad is a Communist may shock many Malaysians, what is more alarming are intelligence reports indicating that the Communists are making headway in winning over ordinary Malays.



As many as a third of the 3,000 Communist guerillas are Malays, although the majority of them are Thai Malays. Of late, the so-called Islamic Solidarity Party under the control of the Malay wing of the Malay Communist Party, has been particularly active in the Malay villages on the Thai-Malaysian border, spreading the message that Communism and Islam are not incompatible.

A military operation is on in the jungles of Gua Musang in Kelantan State against a band of 30 Malay guerillas, trying to set up a food depot in the area, and to chart a new infiltration route to the south. Gua Musang is significant and symbolic—it had the distinction of being the only village "liberated" by the Communists for a week during the last Emergency.

Some Malay students are under the influence of Communist ideas—it is worth noting that the majority of the UMNO youth division members are above 30 years old—and many of them are going round the villages spreading anti-Communist propanganda.

On a broader perpective, the Sino-Soviet rivalry is beginning to be felt within the Communist movement in Malaysia. With the Chinese making up 37 per cent. of the Malaysian population, Peking has a natural advantage over Moscow, but the Russians are far from being disheartened or idle. Datuk Harun Idris, a very powerful politician until his conviction for corruption, claims the Russians have tried, unsuccessfully, to win him over on several occasions.

Expert opinion is divided whether Moscow has any influence over the Marxist-Leninist faction, a group which broke away from the main MCP

Although the ML group has not publicly sided with Moscow, it adopts the Soviet model of urban guerilla warfare, and its name (Marxist-Leninist, and not Maoist) may be indicative of its leanings.

"But irrespective of whether they are pro-Peking or pro-Moscow, Communists are Communists, and we will get them," says one senior Malaysian military officer. The Malaysian Security forces are undergoing considerable expansion, in numbers and equipment, to prepare for another protracted war.

The Communist threat is undoubtedly more serious now than a couple of years ago, but old timers say the present situation is a far cry from the last Emergency.

FT Conference: Business outlook bright in Asia

BY RICHARD NATIONS

BANGKOK, June 30.

THE NORMALLY bearish and sceptical businessmen introduced a brighter note into the third day of the Financial Times Asian Business Conference, convened here to discuss business prospects in Asia.

"The outlook for Asia appears brighter now than at any time during the recent past." This was the executive vice-president of Bank of America, Japan's Mr. L. J. Mulkern's reply to the question addressed by the speakers to-day—"How should international business look at the Asian climate?"

Mr. Mulkern's view found a remarkable resonance in the speeches of other leading Western businessmen in Asia who spoke. Mr. J. E. Bywater, chairman of Sime Darby, advised that Western investors, should "view the Asian climate carefully, but with optimism." Mr. David Laughton, assistant director of Samuel Montagu, concluded business opinion "in the most universal and hardheaded perspective can be modernately optimistic about Asian prospects." And the regional manager of General Motors Overseas, Mr. H. V. Leonard, Jr., agreed that many of the economies in the region are "poised to take off on a new expansionary phase."

These comments stood out in somewhat welcome relief from the occasionally sombre presentations by diplomats, ministers of regional governments and politicians which in the previous two days had underscored the potential instability of South-East Asia in the wake of American withdrawal from Indochina.

Mr. Mulkern pointed out that, excluding the extremes of India and Japan, Asian economies grew at a higher rate than anywhere else in the world—developed and non-developed—with the exception of some Middle Eastern countries.

Mr. Leonard emphasised the strong economic base for foreign investment in Malaysia, Philippines, Singapore and Indonesia, as well as thte more obviously successful economies of east Asia — Japan, Korea, Taiwan and Hong Kong. He thought "an acceptable level of political stability" existed in all these countries which offered "a broad range of investment opportunities for a wide range of business."

An Anglo-German "summit." From left: West German Foreign Minister Hans-Dietrich Genscher; British Prime Minister James Callaghan; West German Chancellor Helmut Schmidt; and British Foreign Secretary Anthony Crosland.

Non-Soviet Communists stress independen

BY DAVID LASCELLES

EAST BERLIN, June

EUROPEAN Communists ended their two-day conference here to-day with firm statements of independence from several non-Soviet bloc parties, including the Yugoslav and Italian, but claimed that they had identified much common ground.

Mr. Leonid Brezhnev, the Soviet party leader, has therefore had his conference, though *it has established looser rules* for the Communist movement.

The 29 parties dispersed in mid-afternoon, several hours earlier than expected, having adopted a 10,000-word document laying down the principles governing relations between them and identifying common goals.

As expected, the document, thrashed out over 20 months and entitled "For Peace, Security, Co-operation in Europe," omitted all mention of the Russian's leading role or of parties' obligations. Instead, it said participants would co-operate voluntarily in an internationalist *spirit, respecting each other's* equality and sovereign independence, and their right to choose their own road to socialism.

The Soviet Union is scarcely mentioned at all, and of China and other "heretics" there is no word.

Use of the word "internationalist" is a victory for the independent parties who resisted inclusion of the phrase "proletarian internationalism"—in Communist jargon, leadership from Moscow.

The document welcomes the success of Western parties in striking up alliances with social democratic parties. It also says that Catholics and other Christians have an important role in the struggle for democracy and peace, and it recognises the necessity for Communists to enter into dialogue and joint action with them.

This passage, presumably included at the insistence of the Italians and French, plainly legitamises the political tactics of these parties, though Mr. Brezhnev warned them yesterday not to forget that they were revolutionaries.

The rest of the document, which was adopted but not signed at the conference, is largely a restatement of last summer's Helsinki declaration on European security. It denounces in strong language all attempts to interfere in the internal affairs of another country, and demands progress in military detente, disarmament, r tion of the use of force, a poses the simultaneous tion of NATO and the Pact.

In demanding faster mentation of the Helsink ration, it calls for closer economic and scientif operation between East ar strict observance of rights, including those of workers and national mi and the use of the mass m mutual acquaintanceship.

There are also two h rions condemning fasci calling for the elimina hotbeds of war.

Callaghan refers to close link with Bonn

By Nicholas Colchester

BONN, June 30.

MR. JAMES CALLAGHAN, the British Prime Minister, ended his talks with Chancellor Helmut Schmidt in Bonn to-day with a statement that might have been written by the Chancellor himself. Stressing the "economic inter-dependence" that is so dear to Herr Schmidt's heart, it left the clear impression that this visit had established a good relationship between the new British Prime Minister and the German Chancellor.

Mr. Callaghan stressed that this style of informal talk, together with the recent State visit to Britain of President Giscard d'Estaing "is definitely bringing us closer together." *He immediately* added that contact with the other European States was of equal importance and must be continued. Herr Schmidt underlined the fact that British employers and trade unionists had been present, along with representatives of Government, at the talks. He thought that it was the *first time that two European* powers had met on this broad basis. The British contingent consisted of members of the Bullock committee on industrial democracy which is currently in Germany studying the well *developed system of German* Mitbestimmung and joint economic planning.

Herr Schmidt had already established a friendly atmosphere before the talks began when he reported on the Puerto Rico summit to the German parliament. He said: "The encouraging progress in Great Britain towards a new social concensus between Government, Unions and Employers, which was received with applause in Puerto Rico, justifies the display of inceased faith in the British pound."

This statement underlined the difference in atmosphere between this Anglo-German meeting and *the one* that took place at Chequers earlier this year. At that time the atmosphere was determined by the European summit in Rome and by the economic summit at Rambouillet—two meetings that had led to *unconcealed tensions between* the two countries. To-day's talks took place in the wake of Puerto Rico, where there was much greater understanding for the British position, and they clearly benefited from this.

The two important European themes discussed to-day were direct elections to the European *Parliament* and Britain's requirements in the forging of a common fisheries policy. In both areas the Prime Minister underlined Britain's particular position. In the case of direct elections, this requires a voting *system and a number of seats* that will allow all parts of Britain to identify themselves with their elected EEC representatives, and one which will provide Scotland and Wales with representation that compares reasonably with those of other small European states. On fisheries, the Prime Minister stressed that Britain must have something more than the national fishing zones now envisaged. Britain is asking for a zone of between 12 and 50 miles, depending on the part of the coast in question.

● Austrian Chancellor Bruno Kreisky said in Paris to-day that France might call a summit conference of Western nations following the U.S. Presidential elections to map out future relations with the Soviet Union and other European Communist countries.

"President Valery Giscard *d'Estaing is considering the idea* and may call such a summit meeting next spring," he told a Press conference. Chancellor Kreisky had talks with the French President and members of his Government during a *three-day official visit.*

Reuter

Portugal seeks 'Marshall Plan'

BY PAUL ELLMAN

LISBON, June 30.

A BID to win European support for a "Marshall Plan" to rescue the Portuguese economy is *expected to be made in Bonn by* Dr. Mario Soares, the Socialist leader and the likely next Prime Minister.

Dr. Soares left here to-day for Bonn where he is to hold talks with Herr Willy Brandt and West *German industrialists.*

Herr Brandt has on previous occasions used his considerable authority over Germany's Social Democrats to convince Chancellor Helmut Schmidt of the need to underpin the Portuguese economy.

Both Dr. Soares and General Antonio Ramalho Eanes, the winner of last Sunday's presidential election, have made no secret of their belief that the survival of Portugal's new system of parliamentary government *will hinge on economic recovery.*

A Cabinet meeting taking place in Lisbon this evening was also expected to be dominated by pressing economic problems.

According to some sources, Ministers have been confronted with calls for an urgent increase in taxes to offset the widening gap between Government income and expenditure.

But, because the present caretaker coalition is expected to be replaced by a socialist minority *Government before the end of* this month, non-Socialist Ministers are said to be reluctant to identify themselves with unpopular measures.

Czech Plan looks for 5pc annual growth

By Paul Lendvai

VIENNA, June 30.

THE NEW Czechoslovak Five Year Plan, just approved by the Prague Parliament, envisages an average annual growth of 5 per cent. during the 1976-80 period. Industral production will increase "at least" by 33 per cent., according to Mr. Vaclav Hula, the chairman of the State Planning Commission, who presented the Bill to both Houses of the Federal Assembly.

Farm output is set to rise by 14 per cent., compared to the average of the previous Five Year Plan. The main task is to achieve gradual self-sufficiency in grain output.

In contrast to neighbouring Hungary and Poland, Czecho*slovakia apparently intends to* maintain the price level unchanged. Mr. Hula announced that as in the previous plan the Government will pursue what he called the policy of stable retail prices for goods meeting the basic necessities of the people

Real incomes of the population should rise by 25 per cent. in the five-year period.

While painting an optimistic picture of the economy as a *whole, Mr. Hula also warned that* the economy has entered a new stage developing "under more complex internal and external conditions than in previous years."

The labour force will remain virtually stagnant. Prices for imported fuel and raw materials dominating the import bill have risen much faster than those charged for exports of manufactures, and it will be necessary to *secure optimum utilisation of* imported raw materials, fuel and machinery, as well as to search for new ways to reduce foreign exchange expenditure in all fields, Mr. Hula said.

Economic, scientific and technical co-operation with the Soviet Union will continue to remain of decisive importance for the stability and dynamic growth of the Czech economy.

POLAND'S PLAN TO RAISE FOOD PRICES

The issue is not bread alon

BY OUR FOREIGN STAFF IN WARSAW AND LONDON

THE COLLAPSE of the Polish Government's plan to introduce severe, if overdue, rises in food prices has significant implications both for theregime of Mr. *Edward Gelrek and for the Polish* people.

Protests against the proposals, which ranged from street demonstrations to the halting of the Paris-Warsaw Express, might have been construed as no more *than signs of a "Sausage Revolution"* by workers who have become accustomed to improvements in their standard of living. But there are signs now of protests involving more general criticism of the trend in Polish domestic policies.

In an open letter to the Polish Parliament, a Warsaw daily newspaper and the Polish Catholic episcopate, eleven Polish intellectuals have commented on the developments of the past week.

The eleven, include columnist Stefan Kisielewski and Mr. Jacek Kuron, who was imprisoned in the 1960s for his part in sending and open letter to the Communist Party, and many others, all of whom were signatories of last December's Letter of the 59 which protested against changes in the Polish Constitution.

Last week's strikes and demonstrations, says the letter, revealed a "serious ailment in our society." But the letter praises the caution of the authorities *who managed to avoid a repeat* of the tragic circumstances in Poznan in 1956 and 1970. The letter goes on to call for a "real dialogue between authority and society" and for the setting up of real workers' representation. It criticises the trade unions in their present form and asked for an independent Press.

Last week-end's volte face on *the part of the authorities was* indeed astonishing. On Friday evening, the Premier, Mr. Piotr Jaoszewicz, appeared on television and took precisely five minutes to withdraw the price plans that he had spent 90 minutes explaining to the Polish Parliament on the previous day.

His explanation was that the population's response to the proposals had included so many "proposals and suggestions" that the Government needed several months to analyse them in detail. But, he added, the Government intended *to re-introduce the proposals.*

It was evident in last Friday's factory floor reaction that the Government had not convinced the population that price rises, even compensated by wage increases, family supplements and pension rises, were acceptable. The consultations, which the Government had hoped would go smoothly, had turned into stoppages in factories throughout Poland and in some places spilled out onto the streets, as in Radom, and on to the railway tracks, as in the Ursus tractor factory near Warsaw.

> If a young worker can say: "Now we know how to push them back," then it seems that the Communist Party has to apply more literally the words "dialogue" and "democracy."

What had annoyed the workers, apart from the size of the price changes which would have put up food by an overall 39 per cent., was the limited time left by the authorities for discussion. In some factories, a half-hour *period before work was the time* scheduled for such debate, hardly a generous allowance for what Politkya, the weekly newspaper, described as the greatest changes in the price structure for 25 years.

Another bone of contention was the compensation payment structure, under which supplements increased in proportion to income, so that the higher earners drew *a greater compensation supplement.* The apparent reasoning behind this move was that pressure on food demand, which would arise from increases for lower paid workers, had to be limited.

The implications of this point were *emphasised* for some workers by the decision to peg prices for grain products, while allowing meat to rise by 70 per cent., thus offering the lower-paid an increased diet of bread, macaroni and low fat milk.

In the event, there seems to have been a large element of chance in the reaction of indi*vidual factories. At the Ursus* factory, for instance, trouble is said to have started when a factory party organisation member started shouting at a group of men to "get to work." The incident soon provoked a group into marching to the *administration* building where attempts to calm the situation by the manager and the worker party organisation's first secretary ended in a scuffle, after which workers gathered on the railway line and stopped trains.

At Radom, it seems that the workers demanded that a senior party official should come from Warsaw to explain the price changes. When it was realised that no such delegation would be arriving, a crowd tried to burn down the party headquarters.

Indeed, the demand was wide*spread that senior officials from* the party centres, and not local lecturers, should face the music.

But it is significant that once the price rises were withdrawn, the country calmed down and work began again almost immediately. At the Ursus factory next morning there was little to indicate that anything untoward had occurred, apart from the holes in the fence leading down to the railway. Workers leaving after the morning shift discussed the events quietly and were distrustful of strangers.

And a revealing report from Silesia, where work continued steadily throughout the upheavals elsewhere, said that the *well-paid miners there could* afford the dearer food, and the main point was that it should be available.

Another group of Silesians are reported as saying the could produce more more "if only the w better organised."

These quotations indic the price discussions given workers the chance about topics somewhat ranging than the cost of

At the moment the Co Party has embarked policy of mass meetings demn the strikers and strators, to express confi the leadership and to sup idea of price changes. from bolstering the dence of the Party, thes ings aim to divide the into those who "constru talked about price chang those who demonstrate thus, it is said, anarch tried to disrupt the dialo

But what the meetings any attempt at a dialogue with the people the brief propaganda c ahead of the price p evidently failed to comm with the workers, it see *the regime's problem is must deal with a working* has itself nurtured.

The Polish working increasingly better educa the workforce is accust handling increasingly cated machinery in the f Consequently, it has more self-confident and i with any shortcomings way of life it sees arou

A survey taken in War Klielce as long ago as 1 *published recently in* revealed that as people better off they becom interested in taking a running the country, and they earn, the more im they attach to economic

If a young worker car hearing of the withdraw price proposals. "Now how to push them bac it seems that the Co Party has to come to te *that self-confidence and* more literally the "dialogue" and "dem that are so widely q party propaganda.

Dutch Cabinet extends wage freeze one month

THE HAGUE, June 30.

THE DUTCH Cabinet decided to prolong the freeze on wage increases by a month to July 31 to work out a decision on wages for the second half of the year, *the Social Affairs Ministry said.*

Wage talks within the Labour Foundation, which co-ordinates the discussions, became deadlocked last week, when employer organisations and unions were unable to agree on the wage increase for the second half of 1976.

Under the wage freeze imposed in December wage agreements were extended by six months to mid-1976. The Cabinet thinks it will only need a small part of the freeze-extension period to arrive at a decision on wages, a Social Affairs Ministry spokesman said.

Only after a decision has been taken will contact between the Cabinet and the Board of the Labour Foundation be possible, he added.

FNV, the largest trade union federation in Holland, is prepared to hold talks if the Cabinet believes it has found a solution to the wages deadlock close to the FNV demands, but any new wage measure would be very difficult to swallow, an FNV spokesman said.

For the second half of the year FNV is seeking a net wage increase of 55 guilders (about £11) per month for the basic worker earning 26,500 guilders a year, the CNV trade union federation an increase of 44 guilders, while an employer proposal provides for a net increase of 38 guilders from July 1.

Reuter

Carli hint at Confindustria

By Dominick J. Coyle

DR. GUIDO CARLI, former Governor of the Bank of Italy, has been proposed as the new President of Confindustria, the National Employers Organisation. It was not immediately clear tonight whether Dr. Carli had agreed to his nomination.

The Central Committee of *Confindustria* met here this evening under its outgoing President, Sig. Gianni Agnelli, head of the Fiat Motor Company, to consider the resignation of the president-elect *Sig. Bruno Visentini, the former Minister for Finance.*

Sig. Visentini had indicated he could not accept the post, following his election to Parliament earlier this month on the Republican party list. Sig. Agnelli himself had earlier refused to consider serving a further term, saying it was necessary for him to return to a full executive role in Fiat.

Franco-Soviet N-system

BY ROBERT MAUTHNER

PARIS, June 30.

FRANCE AND the Soviet Union have reached an agreement to prevent either country from launching an accidental nuclear attack on each other. President Giscard d'Estaing announced today at a Franco-Soviet Ministerial luncheon marking the 10th anniversary of institutionalised co-operation arrangements between the two countries.

The agreement to prevent nuclear attacks "by mistake or accident" will be signed within the next few weeks by the French and Soviet Foreign Ministers, M. Sauvagnargues and Mr. Gromyko.

Though the French President gave no details of how the new system would work, he described it as "a *significant* contribution to the security of Europe" and a justification for the policy of detente. M. Giscard said that he had discussed ways of avoiding nuclear attacks with Mr. Brezhnev, the Soviet leader, some time ago, probably during their last meeting in Moscow in October, 1975.

Norway ship quits test area

By Fay Gjester

OSLO, June 30.

A SHIP which has been surveying part of the Barents Sea bed for Norway's Oil Directorate will leave the area to-day — just within the deadline set by the Russians, who are planning to hold a lengthy series of rocket tests in the same place.

They have warned all shipping to stay clear of an 80 nautical mile diameter area from July 1 to August 10.

EEC speeds up Turkish revie

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Ju

WITH TIME for a decision rapidly running out, EEC Foreign Ministers have set themselves a July 8 deadline for agreement on what their common position should be towards the future of the Community's relations with Turkey.

The sense of urgency stems from the general recognition that, for sensitive political reasons, some progress must be made towards restructuring the EEC's association agreement with Turkey before the Community can set a date for the start of formal negotiations on Greece's application for full Common Market membership.

But it became clear at a meeting of Foreign Ministers late yesterday evening in Luxembourg that defining a consensus on how the EEC should respond to Turkish demands—especially for improved terms in agricultural trade—would not be easy in the limited time available.

The aim is to set up a formal *meeting in Ankara to review* Turkey's association agreement before the end of next month. But Italy, which has longstanding misgivings about the EEC's Mediterranean policy, has raised strong objections to offering Turkey more generous agricultural concessions for fear that these would hurt Italian farmers.

The problem is especially acute this time because of the political vacuum in Italy. It is widely acknowledged that it is extremely difficult for the Italian authorities to risk taking steps that would be unpopular at home while they are involved in the delicate process of trying to form a new government.

The EEC's relations with Turkey have been sensitive for some time and have not been improved by the Community's failure to keep its promise of last March to hold a formal association review this month. More substantively, the Turkish *Government has complai* its relationship with the been significantly recently by countries li and the Mahgreb states.

Yesterday's Luxembou ing did make some pro another area that is important to improvin with Greece and Turkey ing broad agreement on tribution of about £8 Community loans and g a variety of Medite countries.

France, which had arg Greece should receive share of the funds than finally consented to 310m. units of account t and 280m. u.a. to Greece been tentatively agreed "Mashraq" countries Jordan, Syria and Leban receive a total of abou u.a., while Portugal 230m. u.a. and the re will be distributed to Cy Malta.

مكتب صم الأصل

HOME NEWS

Tornado aircraft deal may be signed soon

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE PRODUCTION contract for the first batch of 40 Tornado Multi-Role Combat Aircraft is expected to be signed by the British, West German and Italian Governments soon.

The target date for signing the Memorandum of Understanding that effectively launches the production programme was yesterday, but it is understood that minor administrative problems have delayed this until early July.

There is no doubt, however, that the £4.5bn. production programme for 807 Tornadoes over the next ten years is to go-ahead. All the governmental clearances have been given.

The U.K. will be buying 385 aircraft (including 165 of the specialised ADV Air Defence Variant), the West German Luftwaffe and Navy will be taking 322, and the Italian Air Force 100 aircraft.

Pending the formal authorisations, interim arrangements have been made to ensure a continued flow of finance for the venture.

The Tornado is the biggest military aircraft programme on this side of the Atlantic since the Second World War, and the biggest international collaborative venture yet in aviation, far exceeding the Concorde in cost and productive effort.

In the U.K., the Tornado programme will employ about 10,000 at the British Aircraft Corporation, about 6,000 at Rolls-Royce (1971) on the RB-199-34 engine, and about 8,000 in the equipment industries. Another 10,000 are likely to be involved indirectly through sub-contractors.

With a similar number to be employed in West Germany, and some 10,000 in Italy, total jobs on the Tornado throughout Western Europe will amount to over 80,000 at the programme's peak in the late 1970s and early 1980s.

The development programme has been under way for some years, with seven of the nine prototypes now flying, and six pre-production aircraft being built.

As the biggest purchaser, the U.K. is bearing about 47.6 per cent. of the cost and work-load, with West Germany about 40 per cent. and Italy about 12.5 per cent.

Development cost so far has been about £500m. The price of a production basic Tornado will be about £5.29m., while that for an ADV will be about £6.5m.

Seventy groups join Viewdata service

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

MORE THAN 70 organisations—including British Rail and the Financial Times—are arranging to take part in the pilot trial for the Viewdata service, the Post Office revealed yesterday.

The number of information categories to be provided during the trial has risen to 30 with the addition of ten types of business data.

The Viewdata system allows news, advertisements and other material to be called up over the telephone line for display on domestic TV sets and special business terminals.

The Post Office said yesterday that the system would make a huge store of information on subjects of interest and value available to all members of the public—adults and children at home or people at work in office, shop or factory.

But the Post Office may find it easier to develop a market for specialist commercial and financial services before going for a wide general audience; one reason is that the cost of terminal equipment is likely to prove unattractive for private individuals in the initial phase of a public service.

This underlines the significance of the ten new "business" categories. In addition to the FT, which will provide a wide range of statistical data for the pilot trial, including the 30-share index, other participants include Reuter, Extel, the Stock Exchange, the Institute of Scientific Information, and the Central Office of Information.

The pilot trial, which started earlier this year, is the first step towards a public service which could be operational within three years. The service will not be publicly available during the trial, though demonstrations are being made regularly at shows and exhibitions.

● NEWS ANALYSIS—SHIPBUILDING

SNP second thoughts

BY RAY PERMAN AND JOHN WYLES

MR. MICHAEL FOOT'S undertaking in the Commons on Tuesday night to see if a Scottish "entity" could be provided within the nationalised shipbuilding industry may have saved the Government's accident-prone Bill for the time being at the cost of throwing a further layer of uncertainty over an already troubled industry.

It is most unlikely that the Government intends to accede to the Scottish National Party's formal demand for a separate Scottish Shipbuilders corporation which has been tabled as an amendment to the Bill. This would merely compound the difficulties, and probably the cost, of administering an industry whose problems over the next few years promise to be more severe than most.

Behind the Government's decision to make a concession to the 11 SNP MPs, to persuade them to abstain on the vital vote, lies a history which may owe as much to political as well as to industrial considerations.

Denials

Since the Scottish Nationalists voted with the Tories against the Bill on May 27, the Scottish TUC and shop stewards from Scottish yards have kept up pressure for the legislation, angered that the SNP should have voted against nationalisation and endangered the life of the Labour Government.

Despite denials yesterday to the contrary, it is a fair bet that some Nationalist MPs began to have second thoughts. Against the heady feeling of being within an ace of bringing down the Government, the SNP had to balance the possible damage to its attack against the Labour Party in industrial west of Scotland.

The bones of the deal began to be worked out last week, when the Nationalists met Mr. Gerald Kaufman, junior Minister at the Department of Industry, to explain what they wanted in terms of separate Scottish divisions of the nationalised shipbuilding and aircraft corporations. But it was not until 1½ hours before the debate that the SNP Parliamentary group was told that the Government was willing to strike a bargain.

The details remain to be worked out before the Bill enters its report stage. It may prove to be a fragile deal. Although moderates in the SNP are willing to accept merely Scottish divisions as part of the nationalised corporations, they may still have to convince those in their own ranks who want nothing less than separate shipbuilding and aircraft corporations for Scotland.

Mr. Gordon Wilson, MP for Dundee East and the SNP's industry spokesman, admitted yesterday that what had been decided was merely a formula and neither side was sure what final details might be. "We are talking about an entirely new concept in nationalised industries," he said.

"If the Government is genuine and prepared to honour its pledges, then we will have a Scottish shipbuilding body which would be meaningful and still allow as much decentralisation as possible to the individual yards and would work in partnership with British Shipbuilders." This is the corporation due to run the industry after nationalisation.

Although reluctant to spell out what powers the SNP thought the division should have, in advance of detailed talks with the Government, Mr. Wilson stressed that it should have reasonable financial and planning autonomy.

It is difficult to see how such autonomy could be reconciled with British Shipbuilders' responsibility for planning the future of the entire industry. Clashes of interest could develop while Scottish shipbuilding managers may have to deal with two bureaucracies instead of just one at British Shipbuilders level.

Scottish shipbuilding has undergone a great structural change in the past 10 years which, as yet, has failed to lead to any radical improvement in its fortunes.

In 1970, the number of groups was three but the failure of Upper Clyde Shipbuilders to avoid liquidation, despite injection of £20m. by the Government, resulted in further reorganisation in 1972 around Yarrow Shipbuilders and Govan Shipbuilders.

Since then, Yarrow, exclusively a naval shipbuilder, has been Scottish shipbuilding's only conspicuous success. Pre-tax profits in the five years up to June 30 1975 have amounted to £16.65m., with export contracts furnishing 80 per cent. of after-tax profits.

Not surprisingly, Yarrow has been the most vociferous shipbuilding voice raised in Scotland against nationalisation and there is little reason to suppose that a Scottish "entity" will satisfy the company if it means public ownership.

Loss

The Scott Lithgow group, which includes ship repairing and marine engine building among activities, is a private company not given to public revelations about its financial status. Led by the energetic and resourceful A. Ross Belch, the company has worked hard to make a success of the amalgamation between Scott's Shipbuilding and Lithgows Limited on the Lower Clyde but it is unlikely that it has ever recovered losses suffered after formation in the late 1960s.

Instead of rising from the ashes of UCS, Govan Shipbuilders is still lying amid the embers, having lost £9.5m. last year. Only £12.5m. remains of the £59.2m. earmarked by the Government since its launch in 1972 and half of this residue is earmarked for a yard development programme.

The prospect facing Scottish shipbuilding is as grim as it is for the industry south of the border and no political party should pretend that the industry as a whole or any regional segment can be wholly sheltered from the effects of a sharp contraction in world demand for ships.

More driving schools using foreign cars

BY KEVIN DONE, INDUSTRIAL STAFF

THE NUMBER of driving schools using foreign cars—mainly Japanese—has shown "a terrifying increase," according to a Motor Schools Association of Great Britain report out yesterday.

The Association is particularly concerned about the trend, which has been developing since 1973 because of the tendency of new drivers to choose the make of car with which they became familiar in driving lessons when they make their first purchase.

After a survey of some 900 of Britain's 2,000 driving schools, the Association says that since 1972, the Datsun Sunny and Cherry models jumped from being also-rans to lead the field ahead of the Ford Escort.

Each year, 1.2m. new drivers were exposed to the influence of the driving instructor's choice of car. Some 28 per cent. of those cars were now of foreign manufacture, with 24 per cent. of them Japanese.

"The responsibility of the driving instructor (there are about 20,000 in Britain) is formidable and can have a very significant effect on the British motor industry."

That influence might well be extended if the Government followed the pattern of some Continental countries, and made a certain amount of professional driving instruction compulsory.

Apart from the influence on pupils, the driving schools themselves had some 25,000 cars in use every day.

Warning of lower profits at Lloyd's

By Eric Short

A WARNING of lower profitability at Lloyd's was given yesterday by Mr. H. H. T. Hudson in his chairman's report to the annual meeting.

The indications were that the 1973 account profit, due to be announced in August, would be less than that for the two previous accounts, while the decline in profitability was expected to continue for at least the next two account years. These, he said, could prove to be loss years for some underwriting syndicates.

Competition this year in the marine and aviation markets was making it difficult to maintain realistic rates. There had already been a number of major losses, with storm damage in the U.K. and Northern Europe at the beginning of the year producing heavy claims.

In the insurance industry, claims arising in a particular year are often settled well after the end of that year. Insurance companies estimate the sums owing for claims outstanding, but Lloyd's has adopted the practice of closing the account for a year three years later, when the great majority of claims have been settled.

The results for the past two account years, 1971 and 1972, have produced record profits of £77m. and £92m. respectively. A decline in profitability is not unexpected in view of the worsening trend in underwriting losses of U.K. insurance companies.

The report of the Committee showed that, in the year between May 1, 1975, and May 1, 1976, the number of underwriting members elected was 1,005, of which 231 were women — nearly one-quarter. The total membership on May 1, 1976, was 8,512, of which 718 were women—8.4 per cent. of membership.

Industrial inflation 'still not under control'

BY JAMES McDONALD

THE RATE of inflation in U.K. manufacturing appears to have held steady during May. But there is no great certainty that this trend towards greater stability can be maintained, according to the latest procurement price monitor published yesterday by the Institute of Purchasing Agents.

"While the size of industrial suppliers' price rises fell in May, compared to the level seen in earlier months this year, there was some increase in the number of separate price rises imposed by companies."

At present, there were few good reasons for presuming that this level of relative stability in manufacturing cost escalation could be maintained during the summer. "Recent indicators from the Government have suggested that basic input costs have risen steeply during recent months."

The Department of Industry's index of materials and fuel purchased by broad sectors of industry, the Monitor points out, rose 2 per cent. in May, after an increase of 4 per cent. in April alone. "Much of this rise was attributed in official circles to the decline in the value of sterling against major world currencies.

"Manufacturers' output prices rose by 1.5 per cent. in May, according to other official statistics—which suggests a rate of increase in excess of 1 per cent. a month in factory gate prices during recent months."

It was this underlying trend in basic manufacturing costs which probably largely lay behind the rise in the number of price rises sought by industrial suppliers.

Datsun, Skoda prices up

DATSUN cars will be an average of 7½ per cent. dearer on Monday. This is the third Datsun price rise this year and the sixth in the last 12 months.

Skoda, the Czech car manufacturer, will increase some prices in Britain because of the further decline in the value of sterling.

Skoda prices were raised six months ago. Now those at the bottom of the range are unaffected because of stocks in Britain, but other models are increased by between £40 and £150 from to-day.

Also going up to-day are the prices of two Swedish-made Saab cars sold in Britain: the 99 GL two-door and four-door saloons with manual transmission.

Baltic Exchange move runs into costs trouble

BY OUR PROPERTY CORRESPONDENT

PLANS to build a new Baltic Exchange in the City of London are now in doubt. The Baltic is no longer confident that the scheme for the Cutler Street site, owned by the Port of London Authority could be funded.

Part of the £20m. provision on land values contained in the PLA accounts, published earlier this week, relate to the contract for selling the site, "the fulfilment of which is in doubt." The developers are English and Continental Investments.

The PLA said yesterday that it was still engaged in talks with English and Continental aimed at "progressing the existing sale" and it had not yet taken any decision to offer the old warehouse buildings on the market to other bidders.

The Baltic is also continuing talks with English and Continental, a company run by Mr. Jack Walker and Mr. Ramon Green, in which the Crown Agents hold an 11 per cent. stake.

The cost of the 750,000 square feet complex would be likely to exceed £30m.

FT aerospace conference for London

PRESIDENTS and chief executives of major aerospace manufacturing companies and leading airlines will address the 1976 World Aerospace Conference at the Hilton Hotel, London, on September 1 and 2, on the political, economic, technological and social problems facing their industries.

Among those taking part in the forum, Manufacturing Into the 1980s, will be Mr. Robert Anderson, president, Rockwell International; Lord Beswick, chairman, Organising Committee for British Aerospace; Mr. J. C. Brizendine, vice-president, McDonnell Douglas Corporation; Mr. Lawrence Kitchen, president, Lockheed Aircraft Corporation; Mr. Gerrit Klapwijk, chairman of the Executive Board, Zentralgesellschaft VFW-Fokker mbH; M. Bernard Lathière, president and chief executive, Airbus Industrie, and Gen. Jacques Mitterand, président directeur-general, Société Nationale Industrielle Aérospatiale.

About 12 leading manufacturers and eight international airlines, with international bankers and speakers from regulatory authorities and aerospace agencies, will, it is expected, take part in the conference, organised by the Financial Times.

Warning from British Gas on borrowing

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH GAS has warned the Government that it may have to seek an increase in borrowing powers if the right to cut off supplies to customers is removed.

The Electricity Council has warned that the impact of this proposed move would lead to £230m. annual increase in capital requirements.

In a report to Mr. Anthony Wedgwood Benn, Energy Secretary, the Gas Corporation challenges the Fuel Payments Review Body recommendation that powers of disconnection would be removed to avoid hardship to pensioners and poor families.

British Gas maintains that such a move might result in an across-the-board 10 per cent. price rise to cover additional costs. It would also put pressure on working capital requirements; these might be increased by as much as £200m. as a result of the proposed measures.

At present, the corporation has a statutory borrowing ceiling of £2.7bn. Up to March this year, it had borrowed £2.3bn.

British Gas says that normally it cuts off supplies to about 35,000 homes annually because of non-payment of bills.

June profits fall 11% but dividends go up

FINANCIAL TIMES REPORTER

SHARPLY contrasting movements in pre-tax profits and dividends featured in annual accounts and reports from 193 companies which published full-year returns in June.

Pre-tax profits fell by 10.8 per cent. compared with those for a year ago, dividends increased by 14.8 per cent.

Both profits and dividends would have been a different picture but for two leading companies in the textile field: without Courtaulds' setback in profits from £125.2m. to £46.3m., the pre-tax profits of the other 192 companies would have been only 1.5 per cent. lower. Taking out Coats Paton's dividend increase of 194.4 per cent. would have had the effect of reducing overall dividend rise in June to 10.9 per cent.

Major Notts coal find

By Our Sheffield Correspondent

THE NATIONAL Coal Board said yesterday that it has found more than 350m. tons of coal reserves in a 40 square mile coalfield South of Nottingham. Some of the coal is less than 20 miles from Britain's biggest coal-fired power station complex.

Mr. Donald Davies, NCB area director in South Nottinghamshire, said yesterday that the Board had not yet made any commitment on the location, size or type of colliery to tap this coal. A decision is likely within the next year.

Hambro Life net profit was £3.1m. in 1975

BY CHRISTOPHER HILL

HAMBRO LIFE, Hambros Bank's subsidiary which seems likely to seek a Stock Exchange quotation this month, has disclosed in its report for 1975 that its net profit for the year was £3.107m. compared with £2.038m. in 1974.

The year saw a sharp increase in executive pension arrangements and a reduction in the amount of single premium business. Single premiums now represent only 9 per cent. of total new business as measured by initial commission.

New annual premiums rose from £11m. to £19m., while total premiums received during 1975 amounted to £64.3m. The company has 252,000 policies in force and gross assets of £335m.

£300m. platform ready for Dunlin

BY RAY DAFTER, ENERGY CORRESPONDENT

AN OIL production platform, which when installed on Shell/Esso's Dunlin Field as a going concern will cost about £300m., is due to be towed across the North Sea next week, ahead of schedule.

The structure, built by the Anglo Dutch Offshore Concrete (ANDOC) consortium in Holland, will be towed to Norway for completion. It is due to be in position on the Dunlin Field, North East of the Shetland Islands, next summer.

Eventually it will produce up to 150,000 barrels of crude oil a day, and about 40m. cubic feet a day of natural gas, from up to 48 wells. It is envisaged that Shell/Esso will have spent £300m. when all these facilities are provided.

Shipping in and out of Rotterdam will be suspended for more than 24 hours while the giant *platform is towed from the construction site.* Twelve tugs with almost 100,000 horsepower will manoeuvre the structure: it is believed to be the biggest towing fleet ever assembled.

Ocean-going tugs will take the platform to Stord, Norway, where it will be fitted out.

£14m. contract in Shetlands awarded

By Michael Cassell, Building Correspondent

A £14M. civil engineering contract has been awarded to a British consortium for work on the Sullom Voe oil terminal in the Shetlands, likely to be the biggest in Europe.

BP announced last night, on behalf of all member companies of the Ninian and Brent Pipe*line Group, that the contract had* been won by the F.J.C. Lilley-J.M.J.-Kier consortium.

Industrial output rises

By Peter Riddell, Economics Correspondent

OUTPUT per head in manufacturing industry rose sharply during the first quarter as production began to recover while *employment was still falling.*

Manufacturing productivity has been rising for three successive quarters — in contrast with output which only really began to show signs of a definite recovery in the first three months of this year.

This is a different pattern from *previous cycles where the turn*ing points in productivity and output have tended to coincide and the gap this time may be because employment responded more rapidly than usual to falling output in the early part of 1975, before production flattened out later in the year.

A 2½ per cent. rise in manufacturing output per head in the first quarter took the index up to 115.2 (1970=100) which is the highest since the third quarter *of 1974,* but still well below the 1973 peak of 118.4. Productivity also has some way to go to

OECD credit rule blocking £10m. U.K. ship orders

BY JOHN WYLES, SHIPPING CORRESPONDENT

BRITAIN'S FIDELITY to the Organisation for Economic Co-operation and Development agreements covering shipbuilding credits is the only obstacle to the placing of an order worth about £10m. with Sunderland Shipbuilders.

Sea Containers, the U.S. shipping and container leasing group, plans to place firm orders for two roll-on roll-off ships within the next 10 days.

But Mr. James Sherwood, the group's president, indicated yesterday that there would be very little hesitation about placing the orders in Britain but for the Export Credit Guarantee Depart*ment's refusal to budge from* the OECD formula. This limits credits to 70 per cent. of a ship's price repayable over seven years at 7½ per cent.

He contrasted this with other OECD members' policies, which he claimed were more flexible and by one means or another made more credit available.

Sea Containers, which has a fleet of 27 and plans to build another *eight* vessels, has never ordered a ship in Britain, although it has substantial interests here, including two container manufacturing plants in Yorkshire.

Despite the reservations over credits, Mr. Sherwood claimed yesterday that currency movements, involving the fall of the pound and the upward movement of the Japanese yen were substantially eroding Japanese shipyards' *traditional price advantage* over Britain's shipbuilders.

This may finally tilt the balance in favour of Sunderland Shipbuilders, which would probably construct the two vessels at its Devon shipyard, A. and P. Appledore.

NEDC to discuss incentives, productivity

By Our Industrial Staff

TWO MAJOR topics of discussion at next week's meeting of the National Economic Development Council, under the Prime Minister's chairmanship, are likely to be productivity and incentives, particularly for middle management.

This was revealed yesterday by Sir Ronald McIntosh, director-general of the National Economic Development Office, when commenting on reports from the 39 tripartite working parties set up by NEDO after the Chequers industrial strategy meeting in *November.*

He said the reports, each concerned with a particular sector of manufacturing industry, provided "refreshingly practical" conclusions.

"They accept that our primary objective must be to increase our penetration of world markets, including the home market, and that other objectives such as fuller employment depend on this," he said.

Sir Ronald was speaking in London at a conference organised by the British Institute of Management, the Institute of Statisticians and the Society for Long Range Planning.

He added: "The reports show the need to get to grips with two critical issues—how to raise productivity at a time of high unemployment and how to restore incentives especially for middle management.

"The reports show that we need to concentrate more on products with a high added value which are designed for international markets, particularly the EEC," he said.

Another major point was that the U.K. production cycle was generally much longer than other industrial countries, due mainly to bottlenecks and long and erratic deliveries.

S. E. England alone has above average domestic product

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SOUTH-EAST of England has by a wide margin the largest Gross Domestic Product per head in the U.K., according to figures published this morning by the Central Statistical Office.

In an article in the latest issue of Economic Trends, estimates of GDP at factor cost are made for 1974, and for the first time fully reconcile various regional figures.

This shows that GDP was nearly 17 per cent. higher in South-East England than the average for the U.K. and that no other English region or constituent part of the U.K. had an above-average GDP per head. This partly reflects the predominance of the South-East in the total, accounting for over a third of GDP in the U.K.

In contrast, Northern Ireland's GDP per head is 22 per cent. lower than the U.K. a[...] though the gap has na[...] slightly over the years and has also been a margin[...] provement in the posit[...] Scotland which is now [...] *cent. below the average.*

The nearest region [...] South-East England is th[...] Midlands, slightly over [...] cent. below the U.K. a[...] closely followed by the [...] Midlands. The laggard [...] measure in England is th[...] thern region, just over [...] *cent. below the average.*

The June issue of Ec[...] Trends also contains an [...] including estimates of t[...] tribution of personal i[...] for the U.K. in 1973-74. [...] shows a fractional change [...] distribution of after-tax [...] between 1972-73 and 1973[...]

Charter interest, claims MFC

BY JOHN WYLES, SHIPPING CORRESPONDENT

SCARCELY 24 hours after cancellation of charter arrangements covering its entire fleet, *Maritime Fruit Carriers claimed* last night that "several major fruit and shipping companies" had shown interest in chartering *or buying some of the Israeli-*American group's 37 ships.

The statement came at the end of a day of continuing uncertainty about the company's future following termination of charter arrangements by Sweden's Salen shipping group. Sources close to the company indicated that negotiations with prospective investors were continuing in an urgent bid to inject much-needed cash.

MFC, which did not identify the fruit and shipping interests, claimed that the companies had "first class" credit and charter standings. Talks were going ahead with some of these companies about charters and possible sales of the 25 refrigerated ships owned by MFC.

The statement also said that MFC would insist that Salen fulfil its obligations under an agreement which MFC claims requires *six months'* notice of termination. Furthermore, MFC would insist that Salen release charter hire payments whose retention in Stockholm had had "*repercussions*" *and prevented* MFC paying crews on some of its 17 British-flag ships.

for 1975-76 were up to forecast

Salen's action, coupled with non-payment of wages, had brought threats from British merchant navy unions that these 17 ships might be halted. However, agreement was reached yesterday between union officials and bank representatives which, according to the banks, should guarantee the ships' continued sailing during their remaining periods of operation by Salen.

It was thought likely last night that talks on an injection of cash into MFC should reach their climax shortly. The $15m. package negotiated by Mr. H. Struve Hensel, who was replaced last Saturday as managing director by the MFC's two founders Captain Mila Brener and Mr. Yaacov Meridor, is believed to *be still an option although it* stipulates reconstitution of the company's management and board.

Captain Brener is believed to be seeking similar sized investment from other sources. MFC directors, Mr. Ira Guilden, Mr. Oved Ben-Ami and Mr. Yosef Kremerman, yesterday requested Israel's Transport Ministry to provide $5-$6m. Government guarantees for foreign loans.

Fabian Society launches appeal for £200,000

BY KEVIN DONE, INDUSTRIAL STAFF

THE FABIAN SOCIETY, facing the prospect of a steadily growing deficit and services pared to an absolute minimum, last night launched an appeal for £200,000.

It is the oldest Socialist society in the world, and was founded more than 90 years ago, chiefly through the work of George Bernard Shaw and Sidney and Beatrice Webb. Now fighting for survival, it has reduced its staff to five, the smallest ever level, has cut its output of pamphlets by *almost one-third and* at the beginning of the year raised membership subscriptions from £9 to £12. But is still failing to make ends meet.

Brick deliveries stay at 478m.

BY OUR BUILDING CORRESPONDENT

BRICK deliveries in May showed no change from the previous month, although they were below the level achieved in the same period last year.

According to provisional figures from the Department of the Environment, deliveries in May reached 478m., as in April, but were down by 7m. on May, 1975.

At the same time, production fell from the April level of 467m. to 445m., although this figure represented a 20m. increase on the May, 1975, total. At the end of May, stocks stood at 495m., a decline of 33m. from *April. A year before, stocks had* totalled 844m.

Cement deliveries in May averaged 355,000 tonnes a week, an increase of 54,000 tonnes over April but down 5,000 tonnes compared with last May. Production was also 355,000 tonnes, representing an increase of 52,000 *tonnes from April and a drop of* 10,000 tonnes from May, 1975.

£18.4m. May fire damage

By Eric Short

FIRE DAMAGE in Britain jumped by an estimated £1.7m. *in May* compared with a month before to reach £18.4m., according to figures issued yesterday by the British Insurance Association. Although that was nearly £4m less than in May of last year, fire damage in the first five months of 1976, at £88.9m., was 16 per cent. ahead of that in the corresponding period for 1975.

There were two very large fires in May—one at a West of England animal food mill, where damage exceeded £2m., and *another at a Welsh school which* cost at least £1m.

Employment agency law may be drawn tighter

FINANCIAL TIMES REPORTER

FURTHER legislation covering private employment agencies could be on the way if the *Employment* Agencies Act, regulations under which take effect to-day, prove unsatisfactory, Mr. John Golding, Parliamentary Under-secretary at the Department of Employment, *said* yesterday.

"It is our intention to review the need for further legislation in the light of experience of its working and in the light of a study of the role of the private employment services which the Manpower Services Commission has agreed to undertake at the request of the Secretary of State," he told a Federation of Personnel Services seminar in London. "This study will be carried *out when the Employ*ment Agencies Act is fully operational."

The new regulations forbid agencies to charge workers fees and aim at ending *claims* by agencies that jobs are available when the employer concerned has given no authority for their being offered.

In addition, the legislation should provide greater protection for workers from overseas. Fees will not be chargeable to overseas workers already in this country for introducing them to employers and it will be an offence not to inform either worker or employer about any *need to obtain a change in the* required work permit. On top of this, a national licensing [...] for agencies is being intr[...]

Specifically, the regu[...] under the Act forbid:

Any approach to staff [...] in a job by the agency;

The offering of incent[...] staff to change jobs onc[...] *have been placed;*

The publication of ina[...] or deceptive advertiseme[...]

The *sending of* tem[...] staff by agencies to [...] workers *taking part in* [...]cially *recognised industr*[...] pute.

Private Eye application adjourned

An application by the [...]zine Private Eye to be r[...] from an undertaking [...] publish anything about fi[...] Sir James Goldsmith, [...] bringing criminal libel p[...]ings against them was ad[...] by a High Court judge in[...]bers yesterday.

The reason for the a[...]ment was that the main [...] is now due to start on [...] in which Sir James is se[...] pre-trial ban on the pub[...] by Private Eye of refere[...] *him or his solicitors,* Eric[...] and Co.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Pneumatic to electric converter

CONTINUOUS conversion of pneumatic signals of 3 to 15 psig (0.2 to 1.0 bar) into signals of 4 to 20 mA can be done with the Philips PR 9363 signal-transmitter.

Pneumatic pressure applied to the transmitter displaces a strain-sensitive silicon-doped diaphragm which produces an output proportional to the pneumatic pressure. A built-in amplifier produces a standard normalised 4 to 20 mA output signal.

Simple construction, which is *short-circuit and open-circuit* proof, and easy installation with no balancing, adjustment, calibration, or reverse polarity protection are characterised. Designed for standard DIN rail mounting with simple snap-on connectors, several transmitters can be assembled as one unit with a common unstabilised dc power supply—the electrical power being supplied by a busbar.

The transmitter is constructed entirely from non-corrosive materials and is of a compact design *(25 x 40 x 113 mm)*.

Pye Ether, Caxton Way, Stevenage, Herts. Stevenage 4422.

Measures small air pressures

MICROMANOMETERS for accurate measurements of small air pressures have been developed by Orkney Manometers of Stirling, Scotland.

These new instruments also weigh the thrust exerted by pressure on a piston, which in such devices takes the form of a tubular aluminium bell dipping into an inert liquid seal. The weighing balance uses an optical projection system to give a direct digital read-out of the applied pressure.

The instruments combine the experience gained by Orkney in *weighing gas, water and oil* pressures, usually of small differentials in situations of high line pressures, with the development by Dr. M. R. Head of Cambridge University Engineering Department, of an attachment which could be added to a chemical balance to measure extremely small pressure differences associated with low-speed wind tunnels. The new devices greatly extend the measuring range of each instrument and they are direct reading.

Each instrument is a fundamental or "primary standard" device since calibration depends directly on measured physical dimensions of piston tubes and balance weight values, both of *which are readily traceable to* National Standards. The specific gravity of the sealing liquid is not involved in pressure measurement, and a *built-in test weight* allows buoyancy effects to be eliminated.

Over the various ranges offered, absolute accuracy is known to levels of between ±0.1 per cent. and ±0.01 per cent. of reading, with discrimination and repeatability frequently being an order of magnitude better even than these values.

Uses include the calibration of projection manometers in which a glass scale hangs in water from a float, or the devices using a quartz tube *helix with photocell* follower, both of which devices have been shown to be more prone to sticking and deviation from linearity than was previously *realised. Transducers* may be calibrated with an ease and an accuracy not previously available, or the instruments may be used direct on line for precision air pressure measurement.

Further from Orkney Manometers, Drummond Lane, Stirling FK8 2JF. Stirling 4847.

Tests level of dust

DETERMINATION of respirable dust particle levels in mining and similar dust-laden environments can be carried out with an *instrument available from* Carboeglen, The Technical Centre, Jefferson Way, Thame, Oxon., OX9 3UN. (084421 2671).

Battery operated, the unit *weighs 6 lb. It gives* mass concentrations in milligrams/cu. metre as a digital display following a sampling time of a few minutes. Different sensitivity ranges from the factory pre-set level can be obtained by adjustment of the sampling time.

The instrument the RDM101 measures the amount of radiation from a 100 microcurie beta source which is absorbed by dust particles collected on an impacter stage. The rechargeable batteries permit 200 60-second measurements during a typical 8-hour *work shift. The impacter* disc is replaced or cleaned at the end of the shift.

● ELECTRONICS

Hand-held terminal

WHEN AN engineer at National Semiconductor noted that a printed circuit board carrying a microprocessor and its associated basic elements (*PROM*, RAM, etc.), would fit into the case of a pocket calculator, the Telekit was born.

Still under development, but *expected to be on the market* in about a month, it can to a degree replace the teletypewriter terminal for some applications, in *particular for the* design and logic engineer, and *for* a variety of maintenance interogation tasks.

Using the Novus model 4515 calculator case, including its original 8-character seven-segment display, and keyboard (with a special overlay to identify the keys), it has been possible to achieve a device capable of displaying a full alphabet, a range of additional symbols, and of course, numbers.

In fact, following usual computer practice, it has been *found* that the hexadecimal system is normally all that is required (1 to 10, plus A to F). Apart from providing a hand-held *terminal for access to micro*processor controllers for design work and as a teaching aid, applications are seen where equipment controlled by such small devices can be checked by plugging-in an appropriate programmed Telekit. An example quoted was the coin-operated drinks machine—Q: "Why no function?" A: "No sugar."

Compared with the cost of a teletypewriter terminal, the Telekit is very cheap—about £150.

More details from National Semiconductor (U.K.), 19 Goldington Road, Bedford, MK40 3LF (0234 211262).

● CALCULATORS

Power easy to use

HISTORY WAS made in hand-held calculators by Hewlett-Packard some two years ago with the first magnetic strip programmable machine—the HP-65.

Yesterday, the company took state-of-the-art a long step forward with the twinned HP-67 and HP-97, which have identical functions, instructions and software but differ in that the 97 has its own built-in thermal printer—itself a new development.

Both are "four times as powerful" in terms of speed, capacity, size of problem which can be handled etc., than the HP-65. But what is more signifi*cant from the viewpoint of the* buyer is that the company's sales staff has realised that many buyers are not making full use of the programmable machines, either because they do not need all available capabilities or do not have the expertise to make full use of them. The word "expertise" is the key: in the two new machines and a third, to be described shortly, the designers and programmers have been at pains to make them much easier to use.

By the end of this year there *will be ten of these packages in* a variety of European languages, running from maths and statistics through business applications to surveying, navigation, *games and user-developed* routines.

The third machine (HP-25C) is again a true state-of-the-art unit in that it is the only calculator *on the market* able to retain both programs and data in memories when it is switched off. Even when on, the two advanced calculator chips (C-MOS) need just over *0.001 per cent. of the battery* power. The secret of this "continuous memory" as HP has called it is that the memory chip runs on the decay current from the battery, which goes on all the time during the shelf life of two to three months.

As Dennis Taylor, managing director of Hewlett-Packard in Britain indicates, there is no point in putting more and more power into calculators if they become more and more difficult to use.

The two new machines have a "clever" card reader *which* stops the magnetic card—storing data now, as well as multi-step programs—from being inserted in the reading slot twice on the *same side. They provide 20 keys* which can be turned by the user into "personalised" keys with specified functions. They have 26 registers, which is six more than the nearest opposition machine.

But because of their capabilities, which are not much different from those of a small computer 15 years ago (except that they can do in microseconds a large number of jobs that the small machine needed hours of programming to perform) it is hardly surprising that Hewlett-Packard *is developing a series* of packaged program and problem solving routines for them.

This particular machine will save users a considerable amount *of time* because of the indefinite storage possible, with continuously used formulae or programs. They can be recalled at the touch of the appropriate key after weeks or months.

HP at King Street Lane, Winnersh, Wokingham, Berks, RG11 5AR. Wokingham 784774.

● POLLUTION

Collects the dust

MOST OF the iron ore sinter dust (about 99 per cent.) from the Normanby Park sinter plant which at present escapes to atmosphere will be collected by a new pollution control unit being commissioned by Head Wrightson Process Engineering at the BSC's Scunthorpe Works.

A horizontal flow, dry plate precipitator installed at the sinter plant will also ensure cleaner internal working conditions for employees as dust escape points have been covered by intake hoods which collect the dust for transport along the gas mains to the precipitator.

This particular preciptator will *treat 200,000 cubic feet of dust*-laden air per minute using 72,000 square feet of collector plates.

"BIG disc prices have come down; terminals are cheaper, more reliable and versatile and manufacturers' software is *mature. This* is why CMG has decided to come to the service market with an on-line service for the smaller business," according to Brian Mills, one of the *founder members of CMG Com*puter Management Group.

First facility to be offered is a visual display-based data collection system or DCS. For this and other future developments in the service the company already has placed orders for £250,000-worth of terminal equipment. Further orders will be placed soon and the bulk of new equipment will be TD800 visual displays and TC500 and 1500 terminals from Burroughs.

The second offering consists of a small group of VDUs and a linked stand-alone printer. This emulates a situation in which the user would have his own small *display-oriented* computer, but it provides the added advantage of access to the much more powerful B4700s in use at CMG.

Customers will also be provided with powerful remote job entry units capable of supporting a local network as well as providing communications capacity.

The next move is the launching of a big on-line system able to support a number of users each one of whom will operate up to 16 terminals per site with connected printer and other facilities. They will have available some 300m. bytes of disc storage. It will be up and running by the end of the year.

Significant in the new CMG programme is the comment by Brian Mills that it recently took his programmers some six weeks' work to get a certain application based on manufacturers' software up and running; five years ago it could have taken ten times longer.

CMG, Lennig House, Masons Avenue, Croydon, Surrey (01-688 2261).

● RESEARCH

House uses less energy

"FOR AN additional cost of about £2,000 it should be possible to build a house which consumes only 20 per cent. of the usual household energy requirement," Mr. Peter Bond told the Financial Times.

He is the architect for a house built by Wates for the National Centre for Alternative Technology at Machynlleth, North Wales. The house demonstrates how much energy can be conserved using readily available technology, conventional materials and methods, while retaining a traditional appearance.

Main feature of the construction is extensive insulation, extending even to the cooking stove. All windows are quadruple glazed, and only one will open. The walls have an 18 inch cavity, filled with glass *fibre, and with the inner leaf of* insulating blocks. The same thickness of insulation, 18 inches of glass fibre, is also used in the roof and under the ground floor.

This means that in place of the 2,000 kW/hr of energy required to heat a conventional house in the coldest month of the year, this house needs only 250 kW/hr. To deal with internal temperature control a heat pump driven by a 1/5th hp motor collects or removes heat using heat exchangers in the roof and a fan blows hot or cold air through a central duct. A second heat pump recovers energy from waste hot water and returns it to the storage cylinder.

On the cooker, six inches of insulation reduces consumption of electricity by 50 per cent., and lighting is from low wattage fluorescent fittings.

It is intended to use the house as a testing and monitoring station to provide information for future designs and for improving existing housing.

Details from the National Centre for Alternative Technology, Llwyngwern Quarry, Machynlleth, Powys. (0654 2400).

● COMPUTING

IBM adds a low-level punch

ALREADY announced last week in Armonk, improvements both to the IBM System 3 and System 32 equipment are to be made available in European markets.

System 3 in particular has been given the treatment to cope much further up the range with new offerings from the *many IBM competitors. Model* 15D has faster central processor speed and more flexible software handling, as well as bigger main memory, making it suitable for data entry and on-line enquiry jobs, as well as general business routines.

In the System 32 arena, the company is making available what it calls "nine new models" aimed at first-time users and at remote terminal users who have less demanding requirements than would be met by existing System 32 machines.

The nine new versions are built around a smaller disc capacity and a new printer. But the permutations possible with other equipment available are somewhat complex and should permit any salesman to tailor his submission very closely to any High Street requirement.

First shipment to customers of the *new 32 models are for the* first quarter next year. The same applies to the bigger System 3.

IBM (U.K.), Wigmore Street, London W1H 0AB. (01-935 6600.)

Overview of oil production

ON BEHALF of Burmah, Taywood Santa-Fe the main contractor has placed an £80,000 order with Ferranti for an Argus 700E computer-based data logger to give supervisory staff ability to monitor, via two alphanumeric CRTs, the general systems data from the main platform and 48 wells.

With a capability of 160 analogue and over 960 digital inputs the logger will also provide information on: the total oil production (sum of pipeline production and tanker loaded production); oil to and from storage; gas, oil and water production for each stream; gas reinjection, water reinjection and details of gas usage on the platform.

Ferranti, Simonsway, Wythenshawe, Manchester. (061 437 5391.)

● PLASTICS

Tanks for the Arabs

SIXTEEN 75-cubic-metre tanks for eight diesel gen stations being built in the Arab Emirates are bein plied by Falmarine Inc Plastics, Kernick Road Ind Estate, Penryn, Cornwall 72802), under a contract £115,000 from the mai tractor, ASEA, Vasteras, S

In eight weeks the tank designed, automatic ma and formers set up, and t tanks completed. D started in mid-May and be complete by the end o

The tanks are in a group using a glass reinforced in two dir (this is the only part of t struction applied by *Base, top and sides of th* are each formed from segments, the heaviest w only 114 lbs. The compa that the tanks have designed to be erected men in 4½ hours, usin spanners, and are set aggregate bed covered inches of rolled sand. N foundation is required.

The segments are assembled using stainles bolts, and a sealant i applied internally to the The tanks can as easily b apart and moved if re Four crated tanks can be on a standard 40-foot truc

The biggest tank cu available from the comp 23 feet diameter, 16 fee and holds 40,000 gallons tanks are self-supporting

BOOKS

From Agincourt onwards

BY C. P. SNOW

The Face of Battle by John Keegan. Jonathan Cape, £6.50. 352 pages

The War Lords edited by Sir Michael Carver. Weidenfeld and Nicolson, £10.00. 624 pages

None of us can afford not to be interested in war. Ignorance of all to do with it has done our kind of society much harm. Some of our grosser political mistakes have happened because of that. I will go further and repeat what I have written before. A society which is contemptuous of the military virtues is on the skids.

That is not to say that war, real war, war which men have had to fight, is not a hellish exercise. Mr. Keegan's *The Face of Battle* is—for once the superlative ought not to be qualified—the most brilliant evocation of military experience written in our time. The title is exact. The book sets out to show what battles have really looked like. The result is utterly authentic, and not at all pretty.

Mr. John Keegan was born in 1934, and emphasises that he has never been in a battle. For his professional purposes this is a deprivation. He is a senior lecturer at Sandhurst, and the young soldiers are wonderfully lucky to be taught by someone with such historical insight and imagination. But he is conscious of what he doesn't know, and that is some of the impulse behind *The Face of Battle*. He has taken three set-piece battles from the English record, Agincourt, Waterloo, the first day of the *Somme*, and has used all his empathy to live the battles as though he had been present in the existential flesh.

For a medieval battle, Agincourt is well documented, and there isn't much disagreement about what happened, though it was, on the French side, grotesque. The English, tired, hungry (Shakespeare read his sources with attention), only a few thousand of them, were marching to Calais to disembark. A large French feudal army stood in the way. The night before the battle must have been harsh for the English troops, though Mr. Keegan hints that lack of food and sleep can be anaesthetic against fear. So can alcohol, but they hadn't, unlike their successors at Waterloo, much of that. They had plenty of religious observances. They couldn't leave the places where they were posted, and the ground must have smelt like a farmyard.

The battle on St. Crispin's day (the Church of England is apparently going to disestablish St. Crispin) is realistically embodied by Mr. Keegan. Hours of waiting: then arrows whistling among the hubbub: the rate-of-fire of the arrow cloud: the French men-at-arms, mounted and dismounted, getting into a huddle and not able to use their arms: the English picking them off as though they were a herd of buffaloes trampling on each other: Henry's order to kill prisoners (which, on the available information, a modern commander might have done, though a medieval one must have thought anxiously about the ransoms).

At Waterloo the English troops were once again cold and hungry. The battle was fought at midsummer, but the night before (June 17th) was bleakly wet. The classical English battles seem to have been curiously fated in their beastly weather. At Waterloo, however, some of the soldiers had plenty to drink. Mr. Keegan points out that many of the greatest feats of heroism in that battle, as in the ruins of Stalingrad, were performed by the roaring drunk. There are plenty of good first hand accounts of fragments of the Waterloo battle. As Stendhal made clear, no one could possibly see or comprehend it all, not even the Duke, riding about with glacial competence as a great field commander. Shattering din, smell, the mincemeat of scattered flesh and bone, some regiments running from the field and being driven back, others keeping in the mode of duty until night, a fair number of men in search of loot. It is all actual in Mr. Keegan's book, as in Tolstoy's reconstruction of Borodino.

The same with July 1, 1916 on the Somme. But there we are near enough for the neutral mind to obtrude into the physical experience—why in God's name wasn't there some serious quantitative thinking about the effect (or rather lack of effect) of the preliminary bombardment? As Blackett used to say, you can't run wars on gusts of emotion: but the First World War, on our side more than the German, was so run.

The Face of Battle deserves every kind of success, and ought to be a set book. It provokes a whole variety of thoughts about *The War Lords*, a collection of short biographies of 20th-century military leaders, edited, rather too unobtrusively, by Sir Michael Carver. There are 43 of these biographies, running chronologically from Hindenburg, who was born in 1847 and fought in the Franco-Prussian war, to Mountbatten, born in 1900 and the youngest of the Second World War commanders. As one would expect, the entries vary widely in quality. Some are exercises in hagiography, some are excellent.

John Erickson is as clearheaded as usual, on Zhukov, the most successful military figure of them all, and also on Koniev. The pieces on Nimitz and Spruance by Henry H. Adams are very fine, and so is Ronald Lewin's on Montgomery. Though where did the curious idea arise that Montgomery was totally uninterested in literature? Anything he said about books, though not specially emollient, was well worth hearing.

Christopher Foxley Norris is perceptive about Tedder, a difficult subject, and Gavin Lyall slyly funny on Trenchard and Dowding. On the whole, airmen, apart from Tedder, don't emerge well from this fairly heavyweight competition. On sheer ability, that heroic fighting man Freyberg probably doesn't earn his place either, but Dan Davin has written a sparkling and endearing essay about him.

Two reflections emerge among many. First, there is a cant judgment, very popular among playwrights, that military commanders are (a) extremely stupid, (b) have never shared, and don't understand, the suffering of men they send to die. That is crass. Most, though not all, of these commanders were more than average clever. Nearly all were very brave and had fought as junior officers. They would have understood, incomparably better than the innocents who jeer at them, the substance of Mr. Keegan's book, what action is like and the nature of fear and choice.

Second, it hits one in the eye how the level of military skill, professional insight, human sophistication, soared up from the First World War to the Second. Of the English speaking land commanders in the first war, it looks as though only Monash—very well described by Malcolm Falkus—could have held his own with the top echelon in the Second. He would have made a splendid colleague in a team of Slim and Montgomery—add Marshall as Chief of Staff and either Alexander or Eisenhower as military diplomats. By the way, why isn't Vasilievsky, Zhukov's Chief of Staff, in the collection? In Moscow he is spoken of as second only to Zhukov himself.

The American admirals, especially Nimitz and Spruance, are among the dominating figures in the book. As a fighting admiral, Cunningham might hold his own with Halsey, but the other two Americans stand out as different in kind and calibre from any naval commanders of this century. It makes one feel deficient in knowing so little about the Pacific war.

Wit's end

BY PAMELA HANSFORD JOHNSON

Anna by David Reed. Secker and Warburg, £3.50. 243 pages

This story is in essence a true one, the names "Anna" and "David" being pseudonymous. It is an appalling, devastating tragedy with no false attempt at any up-beat at the end. I read it for the second time immediately after closing it for the first, and that is something I rarely, if ever, do.

David and Anna are man and wife, she is German, he met her when he was a young man, at Munich University. He is now a writer, she herself is highly talented. But she is going mad. After a series of breakdowns and a spell in a mental home, she decides to consult a psychoanalyst, and is passed on by R. D. Laing (the only real name in the book, and this is significant) to a fellow analyst who tells her not to go into hospital but to recover by her own efforts, herself her own responsibility. Yet she cannot be responsible, thrown into deep water, she cannot swim.

David is passionately in love with her, with a love that her dreadful freaks and fugues cannot destroy. He has to care for her and for their two young children, ever watchful for the moment of another breakdown, during which she will be fit for the care of nobody. Taking her to the new doctor, he finds her balking, terror-stricken, at the idea of going by tube or taxi: her father-in-law, she believes, is lying in wait for her. She fancies herself pursued by the CIA, threatened by the IRA and by the oncoming Chinese. During such spells, she is beyond the reach of any sort of reason. Before the new analyst, she hurls down the silk pyjama suit and earrings given her by the same dreaded father-in-law (
nothing rational to exp
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Laing has left with Dav
last words: "But don'
lose our common sense.'
it is a miracle that Da
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another. She writes to l
nouncing him. It is a
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tury) Doctor Hieronym
in that book, the her
not mad, the doctor w

Fiction

Monstrous boy

BY MARTIN SEYMOUR-SMITH

The Children of Dynmouth by William Trevor. Bodley Head, £3.50. 222 pages

A Family Failing by Oliver Knox. Collins, £3.95. 191 pages

The Child by John Symonds. Duckworth, £3.45. 147 pages

The God Spigo by Anne Tibble. Duckworth, £3.25. 105 pages

Equinox by Lorna Pegram. Gollancz, £4.25. 207 pages

The Children of Dynmouth is William Trevor's most substantial novel. His great accomplishment and professionalism do not here, as occasionally elsewhere, threaten to undermine his seriousness. For although this novel has its moments of comedy, it is essentially a tragedy.

The author uses as background a fictitious Dorset coastal town, pretty but now run down (a little like Bridport). The protagonist is a monster, a fifteen-year-old boy called Timothy Gedge who, although he inhabits a world of fantasy in which he is going to become a popular entertainer, and who is not intelligent, has the knack of causing profound unhappiness. His speciality is to hang around when he is not wanted, and to spy on adults. He lies maliciously, and yet there is always a certain deadly truth in his fantastic assertions.

His main victims are two other children, Stephen and Kate, both 12. Stephen's widowed father has just married Kate's mother; Timothy manages to implant the suspicion into Stephen's mind that his father has killed his mother. This is not the case; but there is enough in the very suggestion to seriously disturb Stephen—and to wreck his relationship with Kate.

Finally, through the minds of the vicar and his wife, the question of Timothy Gedge's evil is considered. Is he, after all, really a monster? He was "born to be battered" but won't be battered; and doubtless he will end up in the town's sandpaper factory. ... Already he has, it seems, given up his main fantasy—to be a popular comedian—as hardly worth it.

It will surely strike many readers that Timothy is in his way a surrogate for the novelist (not, of course, for William Trevor, but for any novelist): for does not the novelist spy, lie and expose the evil or the sordidity behind genteel or happy appearances? *The Children of Dynmouth*, sinister, comic and sad, is a big enough book to raise this question. It must certainly be the best novel published this year.

Oliver Knox, nephew of Monsignor Ronald Knox, published his first novel, *An Italian Delusion*, last year at the age of 51. Its successor, *A Family Failing*, is a cool study in what used to be called "bad blood." Old General Fulstrong, spending his last years in his large house in the Chilterns, meditates on the taint in his supposedly fine family. It is 1956, and he is painfully writing his memoirs, contemplating with sharpness—but bewilderment—a history of betrayal which goes back to his wife's affair with his own brother. His son Alistair has been a soldier in the Second World War, and his record is dubious: married to an unfaithful bitch (in many ways reminiscent of Ford's Sylvia Tietjens), he dies under distinctly curious circumstances.

Only Alistair's youngest child, his daughter Emma, seems to have an instinctive feeling about what is wrong with the Fulstrongs. Her uncle Alan, the general's nephew, who has already had an affair with Emma's mother while her husband was away at war, eventually becomes her stepfather—and pounces on her when she is sixteen. The second section of the book consists of Emma's adolescent diary, and exactly catches the tone of her character and her intuitions. The third section is narrated by Emma's brother Osbert, a perverted murderer in whom the "family failing" has fully emerged.

This is a scarifying tale, relieved by moments of high comedy, in which the author captures the spirit of each of his protagonists with consummate skill. The climax, Osbert's repulsive narrative, is done with restraint and compassion—a difficult task in view of his character. *A Family Failing* in every way maintains the promise of Oliver Knox's first novel.

John Symonds' new and this time comparatively short novel is as strange, or even stranger, than its predecessors. It is concerned with the return of Jesus Christ to a life which is already "finished." But this Jesus Christ is a woman, Anna, who, with her disciples, heads an apparently mad sect in Welwyn. The middle part of the book tells of her birth in post-war Czechoslovakia. Is the author mocking religion, is his attitude ambivalent, or is he mourning the lack of and the impossibility of faith?

It is, as usual, hard to tell. But the sense of puzzlement which *The Child* arouses is inescapable, and its preposterous theme is somehow made convincing. The sub-title is "Prologue to an Earthquake," and Mr. Symonds is not being as purely comic as he often is. The claims made by the characters are apparently fantastic, but it is his achievement to suggest that they might in a certain way be credible.

William Trevor: churlish child villain

Anne Tibble's *The God Spigo* is a mixture of neo-Gothic and science fiction. A woman arrives at a remote Cumberland mansion in answer to an advertisement for a governess-companion. She discovers three mutant children, terribly deformed, and protected by their mothers—sisters who have been deserted by their husbands. These children, half illiterate and half brilliantly intelligent, worship a God, Spigo, in a hollow in a wood. They practise torture—as the only means of discovering their identity. This is as odd, if not as confident, as John Symonds' *The Child*. Its ending is inconclusive; but it retains the power to disturb.

Lorna Pegram's *Equinox*, the story of a woman's affair with the son of her former lover, is intelligently observed and psychologically impeccable. But not all readers will find the characters interesting. They, if not the author, seem to be people in the grip of fashion, with predictable reactions. If this is satire then it fails to bite, since Lorna Pegram gives no indication that her characters are boring. Yet, curiously, she makes no concessions, and she is good at charting feelings which lie below the surface of "ordinary" behaviour.

Along the tracks

BY BRIDGET BLOOM

The Great Uhuru Railway by Richard Hall and Hugh Peyman, Gollancz, £5.50, 208 pages

The Chinese-built Tan-Zam railway, already experimentally carrying copper from Zambia to the Tanzanian port of Dar-es-Salaam, lays claim to be not only the largest but the most remarkable foreign-aided project in Black Africa.

The historical associations are imperial but romantic: here—constructed in totally unforeseen circumstances—is perhaps part of the Rhodesian dream of a Cape-to-Cairo link. But there too is totally modern Africa: seeking but not finding help from the West (the World Bank President Kennedy and Lonrho were involved among others) Zambia and Tanzania, to their own initial surprise, found their response in China.

As Hall and his co-author point out, China did not build the railway out of altruism: the project helped it gain UN membership, has provided China with needed copper imports and may well—or so Peking hopes—burnish the Chinese
Russian influence in A
the third world.

The tale of the railw
ing—in record time,
great efficiency—is well
excitingly told. The b
of Rhodesian UDI
specially difficult e
Zambia, as well as the
broader importance
independent Africa,
meshed in with the st

It is hardly fair to
authors, in the ligh
Soviet-Cuban presence
for somewhat overer
China's present influe
continent: no Africa
as far as I know accu
dicted what has happe
southern half of the co
the last six mont
legitimately perhaps
criticise them for a les
analysis of the econom
the loan agreement
China, Zambia and Ta
this is a most compete
useful addition to the
creasing studies on th
ment of China (and, b
tion, the Soviet bloc
Africa.

Aspects of English art across the years

BY DENYS SUTTON

English Art 1714-1800 by Joseph Burke. The Oxford History of English Art. Vol. IX Oxford University Press, £12.50. 425 *pages, 120 plates*

Francis Cotes by Edward Mead Johnson. Phaidon, £15.95. 140 *pages, 109 illustrations*

Landseer: The Victorian Paragon by Campbell Lennie. Hamish Hamilton, £6.95. 259 pages

The considerable growth of interest in the history of English art is a feature of our time and presents the historian with many problems, especially when his task is to deal with the period between 1714-1800. There was a time when this was felt to have produced no more than the famous portrait painters, Chippendale and country houses, but the complexities and variety of the English contribution during these years are now only too apparent.

Professor Burke has been faced with a formidable mass of new material, much of which has appeared during the course of his writing his worthy contribution to the *Oxford History of English Art*. He has managed to work in references to most of it and the result is that his book will be consulted as much for its bibliographical references as for its interpretation of the period.

The volume is well planned. Professor Burke has discussed all aspects of the visual arts and has included a valuable chapter on the landscape garden and has brought out the significance of the famous garden at Stowe. It is the breadth of the author's approach that awards his book particular interest, and doubtless space did not permit him to include more about patronage.

His chapter on the impact of the Rococo in England is one of the most interesting, just because the subject is not so well known as it deserves to be and Professor Burke follows its manifestations in furniture, silver and ceramics. Unfortunately the scheme of the book does not allow him to pay sufficient attention to the relationship between French and English painting in this section or to sketch in the political and historical background.

Professor Burke is at home with the history of aesthetic ideas and he presents their significance ably in the chapter on the expansion of neo-classicism, at the same time drawing attention to such different matters as the export of Wedgwood, the role of Henry Holland and the painting of Stubbs.

The final chapter "The picturesque and the Transition to Romanticism" underlines his ability to grasp the interplay of intellectual and artistic forces at a given time. He points out that the link between J. F. Vernet (whose work can now be seen at Kenwood) and the grand manner of Turner was Loutherbourg; he rightly discusses the innovations that took place in stage scenery at this time.

Inevitably, the need to compress so much material into a restricted space has led to some artists being inadequately treated, the main example being Raeburn. Professor Burke's book should prove a boon to students.

He says that an exhibition of the portraits of Francis Cotes "might well upgrade his reputation." Not a show but a book has been devoted to this charming minor artist and it is a model of its kind. The author, Edward Mead Johnson, has taken great pains in compiling a valuable catalogue and providing a selection of attractive plates. His introduction presents all the known facts with concision and he wins friends for his hero by refusing to enter too extensive claims on his behalf.

Mr. Johnson shows that Cotes was a leading exponent of the Rococo tradition in England and relates his pastels to the tradition of Rosalba Carriera and Liotard, indicating how he retained his individuality in the face of the new classical trends and provides information about his patrons who included George III. The author's claim that Cotes could come up to the level of Liotard and La Tour has much in it, but the English painter lacked the French artist's psychological penetration.

The revival of interest in Victorian art has made it only just that Landseer's biography should be written and Mr. Campbell Lennie has done so in a breezy way. Landseer, once a star of English art, had a strange life. He became the lover of Georgiana, sixth Duchess of Bedford and was probably the father of two of her children, a social lion and visitor to country houses, and a friend of Queen Victoria and Prince Albert but his life ended in tragedy; he turned into a half-crazy alcoholic.

Although Mr. Lennie's book is rather on the long side, it contains interesting details about Victorian life. The model of Landseer's 1861 Royal Academy picture *Taming the Shrew* was none other than Catherine Walters, the famous courtesan, known as Skittles. The picture was quickly called "The Pretty Horsebreaker;" horsebreaker being the term applied to the high-class prostitutes who would display their charms by riding in Rotton Row.

Mr. Lennie does not engage in any detailed discussion of Landseer's art but underlines that one of the pressures from which the painter suffered was a sad and understandable dissatisfaction with his work.

Wicket maidens and others

Fair Play: The story of women's cricket. By Rachel Heyhoe Flint and Netta Rheinberg. Angus and Robertson, £4.50, 192 pages

"Willie, Willie, haven't I told you over and over again how to play that ball?" The frustrated mother quoted by Netta Rheinberg was Mrs. Henry Grace who in 1880 saw three of her five sons, including W. G., play for England in the first Test Match against Australia. *Fair Play* has some pleasing anecdotes about the gallant ladies who founded the White Heather Club in 1887 but once the ladies became *women and* the Women's Cricket Association is founded in 1926 the pens of the authors go as dull as the bats of an England team trying to drag out play for a draw on the last day of an ill-attended Test. There are strings of names and statistics about who hit which six where but we never feel the magic of the game or learn why now we have women's liberation they have stopped playing cricket at Roedean.

The Schoolgirl Ethic: The life and work of Angela Brazil by Gillian Freeman. Allen Lane, £4.50. 160 pages

Gillian Freeman makes a jolly good job of the biography of Angela Brazil. By ingeniously quoting from works like *The Luckiest Girl in the School*, *A Terrible Tomboy* and *Queen of the Dormitory* she shows that Miss Brazil wrote from her own schoolgirl experiences, real or imagined, in Preston and in Manchester. Life at this Peter Pan level can hardly be described as beastly but it was certainly intense even if a thrill meant a midnight feast and a disaster was the scorn of Natalie or Daisy. *Ms. Freeman is sensible not to* attribute any modish prurience to the use of the name Lesbia for a heroine but thinks Angela's "god-daughter," Faith, may have been the illegitimate child of one of her brothers.

It is a pity she cannot elaborate more Miss Brazil's friendship with Marie Stopes—what could they have talked about?—but it is comforting after all these years to know that Brazil really was pronounced like the country and not in the affected way the snobbish Angela later decreed as a leader of society in Coventry. She had settled there in 1911 with an unmarried brother and sister and is remembered for giving spiffing children's tea-parties.

SARAH PRESTON

William Beckford by James Lees-Milne. Compton Russell, £5.50. 124 pages

It is a pleasure to come across a new book on William Beckford which is both a biography and a character portrait. The bibliography of this strange and sad man has increased considerably over the years and so lively a book provides an enjoyable summary and staging-post in the Beckford study. There may not be much to discover, but after reading this relatively small book the obvious thing to do is to turn to the writings of the man himself; in particular *Vathek* and the travel diaries.

In his preface, the author makes a splendid literary point in contrasting Beckford with Walpole: "When he allowed his pen to range freely Beckford's prose was always diverting (not for example, like Horace Walpole's, contrived), devastatingly sharp and amazingly modern."

Perhaps a little too much space is given over to describing the Beckford collections at the expense of allowing the man to speak for himself, but the assessment of his character is keenly perceptive. The illustrations are numerous and are as evocative as the prose they accompany.

With all his faults Beckford was a vivid and an honest man and, as has been written: "those who knew him well were captivated by his courage and his pride."

H. A. N. BROCKMAN

The Oxford Companion to Film edited by Liz-Anne Bawden. Oxford. £10.00. 767 pages.

There has been a rich harvest of movie reference books in recent years. This is the third encyclopaedia of film published in England since 1972, before which there was only Leslie Halliwell's concise but estimable *Filmgoer's Companion* to provide finger-tip knowledge for the cinéphile. The new Oxford Companion fills the gap between *The World Encyclopaedia of Film*, with its precise and scholarly inventory of facts, and the more expansive, evaluatory style of the *International Encyclopaedia*. As such it's a good buy for the film student who has neither of the above, especially if he has limited funds and limited bookshelf space, and the entries are all readably and attractively laid out.

One raises an eyebrow at one or two missing names—Monte Hellman, Liliana Cavani and Ray Harryhausen are three that come to mind—but for the most part few valuable items of movie information seem to have slipped through the editor's net. There are no outstanding howlers of omission or commission, and the individual, thumbnail biographies of actors and film-makers are concise and helpful. The best aspect of the book, furthermore, is its crystal-clear exegesis of technical terms. For the first time, with the aid of diagrams, a book offers the lay reader a lucid explanation of how trick photography methods like the Schuftan process operate; and of the workings of such day-to-day movie techniques as front projection and the travelling matte. Readers hitherto blinded by science in the pursuit of such knowledge now have a dependable source of reference.

NIGEL ANDREWS

U.K. ECONOMIC INDICATO

	1976			
General	June	May	Apr.	Ju
Unemployed ('000)	1,332.6	1,271.8	1,281.1	86
Unfilled vacancies ('000)	127.1	124.4	119.7	16
	May	Apr.	Mar.	M
Currency reserves ($bn.)	5.423	4.848	5.905	6.4
Bank advances (£bn.)b	14.309	14.196	14.080	n
Basic materials (1970=100)d	290.7	285.1	273.8	22
Manfd. prods. (1970=100)d	214.6	211.4	208.5	18
Terms of trade (1970=100)	79.7	80.2	81.2	8
Wage rates (July, 1972=100)	209.3	208.0	206.7	17
Retail prices (Jan., 1974=100)	155.2	153.5	150.6	13
	Apr.	Mar.	Feb.	A
Retail sales val. (1970=100)**	195.3	188.3	189.6	18
HP debt (£m.)¶	2,323	2,297	2,296	2.
Industrial output (1970=100)	102.1	101.1	101.6	10
	1976			
Trade and Industry	May	Apr.	Jan.-May	
Cars ('000s)*	122	104	116	
*Commercial vehicles ('000s)**	32.4	29.8	31.5	3
Imports f.o.b. (£bn.)	2.356	2.210	2.095	1.
Exports f.o.b. (£bn.)	2.014	1.948	1.881	1.
Visible trade balance (£bn.)	−0.342	−0.263	−0.215	−0.
Steel, weekly average ('000 tonnes)	466.3	461.8	444.3	33
Houses completed ('000)¶	26.0	28.2	25.3	2
	Apr.	Mar.	Jan.-Apr.	A
Bricks (millions)*	461	493	454	
Cement, weekly average ('000 tonnes)	297	330	291.5	
TV sets ('000s)††	168	205	180	
Radios, radiograms ('000s)††	217	248	331	4
Furniture (1970=100)‡**	149	158	158	1
Hosiery (1970=100)**	88	81	85	
	Mar.	Feb.	Jan.-Mar.	M
Man-made fibres (m. kgs.)*	54.1	52.3	53.3	4
Petroleum (m. tonnes)†	8.005p	7.413	7.517	7
Electric cookers ('000s)f †	70.4	88.0	73.5	7
Washing machines ('000s)†	74.7	96.2	80.3	9
Raw cotton, weekly average ('000 metric tonnes)§	2.23	2.37	2.33	1.
Raw wools (m. kilos)	11.4	9.6	10.0	
Engineering, orders on hand (1970=100)**	94	96	95	1
	Feb.	Jan.	Jan.-Feb.	F
Machine tools (£m.)†	27.8	27.2	27.5	2
	1976	1975		
	1st qtr.	4th qtr.	1st qtr.	Ye
Consumer spending (£bn., 1970 values)	8,870g	8,804	9,041	35,4
Motor trade turnover (1972=100)	165	133	137	14
Building and civil engineering (£bn.)c	3.018g	2.998	2.644	11.6

* Production. † Deliveries. ‡ Net sales. § Consumption. ** adjusted. †† All manufacturing industries. ‖ Excluding ‡‡ Deliveries, U.K. made and imported sets. b From onwards new basis of calculation refers to advances to U and private sector. Historic figures on new basis not d Prices. f Including cooker griller toasters. c Value ¶ United Kingdom not seasonally adjusted. g First pr estimate. p Provisional figures.

TENNIS: WIMBLEDON

BY JOHN BARRETT

A superb Mrs. Cawley routs Virginia Wade in 48 minutes

E Wimbledon women's singles worked out just the way the ding committee, and most of world's tennis followers, dicted. In Friday's final Chris rt from the U.S.—the 1974 mpion and 1973 runner-up— l meet Evonne Cawley from stralia, the 1971 champion and ner-up in 1972 and 1975.

'esterday Mrs. Cawley, strik- the ball superbly, routed tain's Virginia Wade 6—1, 2, in 48 minutes but, for the t time in the tournament, Miss ert was made to work hard ore defeating Martina Nav- lova, the stateless Czech girl 3, 4—6, 6—4 in 85 minutes. five previous rounds Miss rt had not lost a set and pped only 10 games. Yester- she lost 13 games, one set d came within shivering ance of losing the semi-final.

rs. Cawley's deep, crisp, erful hitting time and again Miss Wade making cramped, bing returns which went into net or, if they got over, ply asked to be killed and moved quickly to 4—0. From se four games Miss Wade had ected six points and there a relieved cheer from the wd when eventually she won ervice game.

or Miss Wade's supporters, statistics made depressing ling. Eleven games had gone ore she managed to hold her ice and, in one particularly ren spell, she collected only points from five games.

fterwards, Miss Wade com- nted: "Yvonne played so l. Her game is so ideally ed to these conditions and ything that is naturally ed to me just wasn't suited hat court.

Especially on a windy day, the ball bouncing so low, was just able to slice every- g on both sides.

Obviously there's no point in rying about to-day's defeat. was just much too good ay. That's the way it goes. it's certainly not going to my life for me."

nderstandably Mrs. Cawley pleased with her perform- e. "I have to admit at being prised I won so easily. Last our match could have gone er way. Naturally I felt tinis was nervous to-day. It lways more difficult when re on home ground — I get same feeling when I play in tralia."

n the final set of the match ween Miss Evert and Miss vratilova both women ex- nged shots like boxers going flat out. There were three successive breaks of serve but when Miss Evert moved to 3—1 and then 5—3 everybody but Miss Navratilova thought it was all over. She saved one match point when the American put a backhand half-volley out but Miss Evert made no mistake in the next game, serving out to love.

Miss Evert said afterwards she was surprised how well her opponent played. "I think Martina played her best. She served well and when the first one went in, it was hard for me to break it. I was pretty satisfied with my game. It was very tough out there and the wind was really swirling—like when I played Virginia at Eastbourne.

"Throughout the match to-day I knew I was going to win. I think I am stronger than her mentally and, when the chips were down, I just played better."

So, the stage is set for what promises to be a memorable final. In their last five meetings, Miss Evert has won three times but the last two matches have gone to the Australian. And more significantly perhaps, Miss Evert has never beaten Mrs. Cawley on grass.

"I guess Evonne has to be the favourite for the final," Miss Evert admitted. "But I love to play Evonne—she hits the ball so naturally and moves so well we usually have a good match."

Breather for Virginia Wade in her semi-final.

YACHTING

Third Turtle's record speed

BY JUREK MARTIN IN GOAT ISLAND, NEWPORT, AND STUART ALEXANDER IN LONDON

MICHAEL BIRCH yesterday won the Jester class of the Observer single-handed Transatlantic Yacht Race. In his 32 foot trimaran The Third Turtle, he crossed the finishing line only 18 hours after the 236 foot French schooner Club Méditerranée skippered by Alain Colas.

This gave him a winning time of 24 days, 19 hours and 39 minutes, by far the fastest ever for a boat of this size and faster than the winning times of the first three races in 1960, 1964 and 1968, all achieved in bigger boats.

David Palmer, in FT, reported in a message timed 20.00 GMT to-day that he had run into very light winds and a strong adverse current. He estimated his earliest possible arrival as Friday but said that it could be anything up to Monday. "Everything well on board but morale becomes low when the wind goes," he said. His position was 41 deg. 22 north 62 deg. 35 west.

Birch, the 45-year-old Canadian living in Devon, sailed his American-built 32 foot trimaran over the finishing line off Goat Island at 4.39 local time this morning.

He was followed just three hours and one minute later by Kazimiers Jaworski, the Pole, in his 38 foot monohulled Spaniel. Jaworski, an experienced yachtsman in Eastern European competitions, was the first finisher who had taken the Southern route.

It was, he told interpreters, a rough crossing: he had been without sail for 24 hours and had shipped a lot of water; A note in his log said "My God, will I ever make my destination?" He burst into tears as he docked here and awaited the inevitable coming of the U.S. immigration and customs officials.

Birch did the sensible thing and went to sleep soon after his arrival but he was up again a few hours later. He had to heave to for a while, he said, but the seas were not the worst he had ever encountered.

Jaworski has a good chance of winning the handicap competition, since his handicap is 22 hours more than that of Birch. The finish of both men took the organisers by surprise: Third Turtle had not been heard from throughout the race (Birch has no transmitter) and Spaniel only once early on. But well over 30 boats have yet to report.

CONTRACTS AND TENDERS

INVITATION TO TENDER

THE POSTS AND TELECOMMUNICATIONS CORPORATION OF THE REPUBLIC OF GHANA invites Tenderers, who will be limited to nationals of member countries of International Bank for Reconstruction and Development (IBRD) and Switzerland only, for

NATIONAL TELECOMMUNICATIONS EXPANSION PROJECT

The project comprises the following four sub-projects:

Sub-project A : Installation on turn-key basis of new automatic telephone exchanges which comprise one trunk exchange with manual switchboards, four local exchanges equipped with 16,000 lines in total in multi-exchange areas, 5 rural exchanges equipped with 1,500 lines in total together with manual switchboards, and power equipment including standby engine generators.

Sub-project B : Installation on turn-key basis of one new telex exchange equipped with 50 lines.

Sub-project C : Installation on turn-key basis of two new microwave radio links and two new UHF radio links which comprise 19 microwave radio stations, 7 UHF radio stations, carrier terminal equipped with 860 channels and aerial facilities required.

Sub-project D : Procurement of external plant materials,

Item A : 729 Km of various underground cables and terminating cables, 118 sets of cross connecting cabinets, 1,810 sets of steel poles with distributing points, 1,685 Km of drop wife and other materials.

Item B : 8 sets of gas pressurization facilities.

Item C : 7,245 sets of cable chamber covers, 4,750 pieces of steel pipe (100/50 mm, 6 m), and various hardware for cable chamber.

Item D : 250 Km of internal wire.

Item E: 152,000 pieces of rigid PVC pipe (100/75 mm, 6 m).

Item F : 170 sets of teleprinter.

Item G : 11,000 sets of telephone instruments.

Prospective tenderers may obtain copies of the specifications against payment of two hundred U.S. dollars ($200), per complete copy, daily between 09.00 hrs and 16.00 hrs GMT from 8th July 1976 to 30th July 1976 at the address given below.
For Ghanaian tenderers, only, the charge per complete copy shall be two hundred and thirty Cedis (C230).

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THE POSTS AND TELECOMMUNICATIONS CORPORATION BUILDING
ACCRA NORTH, ACCRA, GHANA

The closing date of submission of tenders will be at 10.00 a.m. Ghana time on 1st November 1976.

DIRECTOR GENERAL
THE POSTS AND TELECOMMUNICATIONS
CORPORATION OF THE REPUBLIC OF GHANA

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. 836 3161. Until July 17 NUREYEV FESTIVAL Evgs. 7.30. Mat. Sats. 2.30. Until Sat.: NUREYEV AND FRIENDS. July 6 to 17: Nureyev and the Scottish Ballet

COVENT GARDEN. 240 1066. THE ROYAL BALLET Tonight Sat. & Tue 7.30 Rituals. A Month in the Country Thais pas de deux. Elite Syncopations. THE ROYAL OPERA Tomor. 7 Don Giovanni. Sat. 2 & Wed. 7.30 La Boheme. Mon. 7.30 Un ballo in maschera. Seats avail. except Tomor 65 Amphi seats for all perfs. on sale from 10 a.m. on day of perf.

GLYNDEBOURNE FESTIVAL OPERA Until Aug 8 with the London Philharmonic Orchestra. Tonight, Sun. & Tues. at 5.30 Verdi's Falstaff. Tomor. and Wed. at 5.50 R. Strauss' Capriccio. Sat. & Mon. at 5.10 Mozart's Le Nozze di Figaro. Possible Returns Only. Box Office: Glyndebourne, Lewes (Ringmer 812411) & Ibbs & Tillett, 124 Wigmore Street. (01-935 1010).

LONDON PALLADIUM. 437 7373. July 8-28 Evgs 7.30. Mat. Wed., Sat 2.45. First time ever as a FULL LENGTH 3 ACT BALLET FRANZ LEHAR'S THE MERRY WIDOW Performed by THE AUSTRALIAN BALLET

SADLER'S WELLS TH. Rosebery Ave EC1 837 1672 (Recorded bkg. inf. 278 5450) Last 3 days. Evgs 7.30 BALLET RAMBERT 50th ANNIVERSARY SEASON Tonight, tomor. and Sat. Moveable Garden, Judgment of Paris, Table, Black Angels. "The Company have never done better."—Evening Standard From Mon.: DANCE SENEGAL Evgs. 7.30 Mat Sats. 2.30

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Sats. 5.30 & 8.30. Thur. 3.0. "THE NEW IRENE IS THE HOTTEST GIRL IN TOWN." Daily Mail "IT MAKES YOU REMEMBER WHAT MUSICALS ARE FOR." Times. MATINEE TO-DAY at 3.0.

ALBERY. 836 3878. Evenings at 8.00. Mats. Thurs 3. Sats. 5 & 8.15 sharp National Theatre Production COLIN BLAKELY in EQUUS by PETER SHAFFER Directed by JOHN DEXTER "STUNNING and COMPELLING." Stand

ALDWYCH. 836 6404. Inf. 836 5332 Royal Shakespeare Company Eugene O'Neill's THE ICEMAN COMETH "... brilliant production ..." Guardian Tonight, tomor. & Sat. 6.30. To be joined in repertoire by Bernard Shaw's THE DEVIL'S DISCIPLE

AMBASSADORS. 836 1171. Evgs. 8.00 Mats. Tues 2.30. Sat 5.30 and 8.30 HAPPY AS A SANDBAG THE WONDERFUL HIT MUSICAL "Delightful Don't miss —" Daily Exp.

APOLLO. 01-437 2663. Evenings 8.00 Mat Thurs 3.00. Sat 5.30 and 8.30 PAULINE COLLINS JOHN ALDERTON CONFUSIONS An entertainment by ALAN AYCKBOURN

ARTS THEATRE. Mon. to Thurs at 8.30. Friday and Saturday 7.00 and 9.15 TOM STOPPARD'S DIRTY LINEN "Hilarious ... see it." Sunday Times

CAMBRIDGE THEATRE. 01-836 6056. Evenings 8.00, Matinee Wed. 3.00 Sat. 4.30 and 8.00 LIMITED SEASON JANET SUZMAN, NIGEL DAVENPORT, JUNE RITCHIE, ANGELA DOWN, PETER EYRE, SUSAN ENGEL, JOHN SHRAPNEL, PETER BAYLISS, SEBASTIAN SHAW in JONATHAN MILLER'S production of THREE SISTERS "A glorious evening." Irving Wardle, Times. "Simply, clearly, absolutely perfect! — a matchless evening from a faultless cast." Jack Tinker, D. Mail.

CHICHESTER. 0243 86333. Today at 2.0. July 2, 3, 5 at 7.0. TWELFTH NIGHT: Tonight & July 6 at 7.0 July 3 at 2.0 NOAH.

COLLEGIATE THEATRE. 387 9629. BLOOMSBURY SUMMER SHOWS. Evgs. 8.0 Sat. 5.0 & 8.30. Until July 10. CODCO (Canada) in Laugh your guts out with TOTAL STRANGERS. "Somewhere between The Goon Show and Monty Python." TIME.

COMEDY. 930 2578. Evenings 8.15. Mat Thur. 3.0. Sat. 5.45 and 8.30 KENNETH WILLIAMS, PEGGY MOUNT BRYAN PRINGLE in SIGNED AND SEALED

CRITERION. 930 3216. Air Cond. Evgs. 8 Mat. Thurs. 3 Sats. 5.30 8.30 ALEC McCOWEN MICHAEL BRYANT JUDY BARFITT, ANNETTE CROSBIE in THE FAMILY DANCE by Felicity Browne. "An evening of unalloyed delight. It is that rare thing, a play for all playgoers." Harold Hobson, Sunday Times.

DRURY LANE. 01-836 8108. Evenings 7.30. Matinee Sat. 2.30. ROY CASTLE as BILLY LAST WEEK—must end Saturday.

DRURY LANE. 836 8108. Opens July 22. A CHORUS LINE "A MUSICAL TO SING ABOUT FOR YEARS." Clive Barnes, New York Times.

DUCHESS. 836 8243. Evenings 8.00. Fri., Sat. 6.15 and 9.00. OH! CALCUTTA! NOW IN ITS SIXTH YEAR "Breathtakingly Beautiful." S. Tel "The Nudity is Stunning." D. Tel.

DUKE OF YORK'S. 01-836 5122. Evs. 8. Saturday 5.15 8.30 Mat. Wed. 2.30 ELIZABETH SEAL, SHEILA STEAFEL "Dances stunningly. It's hilarious." F.T. "The funny and charming" (Gdn.) SALAD DAYS "The company are as magical as their piano ... a touch of spring and daffodils in the West End." D. Telegraph.

FORTUNE. 836 2238. Trans. here Mon. next from the Savoy Theatre. MURDER AT THE VICARAGE SECOND GREAT YEAR!

GARRICK THEATRE. 01-836 4601. Evenings 8. Fri., Sat. 5.30 and 8.30. RICHARD BECKINSALE is "side-splittingly funny." Daily Mail in FUNNY PECULIAR "Mike Stott's exceptionally fine, vastly entertaining brilliant comedy." S. Times. "More good laughs than any other play in London." Observer.

GLOBE THEATRE. 01-437 1592. Evenings 8.0. Sat. 5.30 and 8.30. BARRY HUMPHRIES in HOUSEWIFE-SUPERSTAR ! ! ONLY 11 MORE PERFORMANCES

GREENWICH. Crooms Hill. S.E.10. 858 7755. Until July 3. Evenings 8.0. Mat Sat. 2.30. STEVEN BERKOFF'S EAST

HAYMARKET. 930 9832. Evenings 8.00. Mat. Wed 2.30. Sat. 5.00 and 8.15. Edward Woodward, Geraldine McEwan, Stephanie Beacham, Geoffrey Palmer in Frederick Lonsdale's ON APPROVAL "You should rush to see it." D. Tel. "It got my approval." E. News. "An evening of comic delight." Harold Hobson, Sunday Times.

HER MAJESTY'S. 930 6606. Evs. 8.00. Mat. Wed. 3.00 Sat. 5.45 and 8.30. IPI TOMBI "Pulsating musical." Ev. Seats £3 to 50p

KING'S ROAD THEATRE. 352 7488 Mon. to Thu. 9.00. Fri., Sat. 7.30 9.30 THE ROCKY HORROR SHOW BEST MUSICAL OF THE YEAR "Impossible to over-praise." Punch NOW IN ITS 4th ROCKING YEAR.

LYRIC. 01-437 3686. Evenings 8.0. Mat. Wed. 3.0. Sat. 5.0 and 8.30 JOAN PLOWRIGHT JOHN MOFFATT in THE BED BEFORE YESTERDAY A Comedy by BEN TRAVERS "THE FUNNIEST SEX COMEDY IN LONDON." Sunday Telegraph.

LYTTELTON (new National Theatre). 928 2252. Ton't, Tomor. 7.45, Sat. 2.30 & 7.45 BLITHE SPIRIT by Noel Coward. Wed. 7.45 Weapons of Happiness. Over 100 excellent £1 seats on sale day of performance from 8.30 a.m. AIR CONDITIONED

MAYFAIR. 629 3036. 493 2031. FULLY AIR-CONDITIONED Mon.-Thur. 8.15. Fri. & Sat. 5.30, 9. NEW AMERICAN REVUE WHAT'S A NICE COUNTRY LIKE US DOING IN A STATE LIKE THIS? "FAST, CLEVER, TOPICAL ENTERTAINMENT." Variety "WHAT A DELIGHTFUL EVENING." Fin. Times. Seats £3 to 90p. Comb. Dnr.-Thrte £5.90

MERMAID. 248 7656. Food 248 2835. Evenings 8.15. Matinee Sat. 5.00 Millicent Martin, Julia McKenzie, David Kernan, Ned Sherrin in SIDE BY SIDE BY SONDHEIM A Musical Entertainment. "Superlative." Tel. "It's a hit." Exp. Seats from £1. Dinner-Show £5.95. Transfers to Wyndham's July 7

MERMAID. 248 7656. Prevs. July 5-8. Opens July 9. PATRICK CARGILL in SOME OF MY BEST FRIENDS ARE HUSBANDS — a new comedy by Hugh Leonard. July 7, 9, 10, 12 to 17 at 11 p.m. SPIKE MILLIGAN.

NATIONAL THEATRE. See under LYTTELTON AND YOUNG VIC.

NEW LONDON. Drury Lane. 01-405 0072 FULLY AIR-CONDITIONED Evgs 8.0. Fri., Sat. 5.0 8.45 BRIAN PROTHERO in LEAVE HIM TO HEAVEN "The fun Rock Musical." Evng. News. "Marvellous." S. Times. "Sensation." Mi.

OLD VIC. 928 7616. Prevs. from Wed. next. Opens July 12. THE WHITE DEVIL

OPEN AIR. Regent's Park. 486 2431. ROBERT STEPHENS, EDWARD FOX in OTHELLO. Evs. 7.45 Mat Wed., Thurs. Sat 2.30. (Sunday 8 p.m.: John Martyn)

PALACE. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00 8.40. JESUS CHRIST SUPERSTAR

PALLADIUM. 01-437 7373. July 8-28 Booking Now Open. THE AUSTRALIAN BALLET ... in their balletic version of THE MERRY WIDOW currently a sell-out in America. The Critics say: "A great big wedding cake of a production." Washington Post "Sumptuous ... a musical graced with lovely dancers." Clive Barnes, New York Times.

PHOENIX THEATRE SEASON 1976. Last chance to see. Ends Saturday Evenings 8.00. Mat Thurs., Sat 3.00 LEE REMICK KEIR DULLEA ALFRED MARKS, MIRIAM KARLIN in BUS STOP BOOK NOW. Tel. 01-836 8611.

PHOENIX THEATRE. 836 8611. Opens Wednesday July 7 DOUGLAS FAIRBANKS JR. DINAH SHERIDAN DAVID LANGTON and WILFRED HYDE WHITE in THE PLEASURE OF HIS COMPANY

PICCADILLY. 437 4506. Mon. to Fri. 8.00. Sats. 5.30 & 8.30. Mats. Wed. 3. JEROME KERN'S HIT MUSICAL VERY GOOD EDDIE "LOVELY to look at, DELIGHTFUL to hear and HEAVEN to watch." D. Exp. "Absolutely enchanting. I really loved it." N.Y. Times. Fully Air Cond.

PRINCE OF WALES. 01-930 8681. Mon.-Thur. 8.00. Fri., Sat. 5.30, 8.30. "A Great New Musical." Daily Mirror MARDI GRAS "Brilliant. Most exciting musical for a long, long time." S. Times "At last a British musical to sing about." S. Mir. "A really swinging musical." N.o.W.

QUEEN'S. 01-734 1166. Evenings 8.00. Mat. Thurs 3.0. Sats. 5.30 and 8.30 Winner of all the awards for BEST PLAY OF THE YEAR Michael GAMBON in Simon GRAY'S OTHERWISE ENGAGED Directed by Harold PINTER

RAYMOND REVUEBAR THEATRE. 734 1593 (at 7, 9, 11 p.m. incl. Sun. PAUL RAYMOND presents THE FESTIVAL OF EROTICA '76 FULLY AIR CONDITIONED—You may drink and smoke in the Auditorium.

REGENT. 323 2707. Evenings 8.30. Friday and Saturday 7.0 and 9.15 2nd YEAR OF SENSATIONAL STAGE SHOW OF THE '70s LET MY PEOPLE COME AN ADULT MUSICAL "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROYAL COURT. 730 1745. Air-Cond. "Fantastically successful Beckett season." Harold Hobson, Sun. Times. Last Perfs. Ton't. Tomor 8. Sat. 5, 8.30. ENDGAME SEE ALSO THEATRE UPSTAIRS

ROUND HOUSE. 267 2564. Mon.-Thur. 8. Fri. and Sat. 6.0 and 9.0. LA GRANDE EUGENE "Wonderfully stylish, not to be missed at any price." Fin. Times. Combined SUPPER SHOW £5 ICE-COOL WINE BAR

SAVOY. 836 8888. Tonight and tomorrow at 8. Sat. at 5 and 8. AVRIL ANGERS and DEREK BOND in AGATHA CHRISTIE'S MURDER AT THE VICARAGE Trans. to Fortune Theatre Mon. next

ST. GEORGE'S. SHAKESPEARE "London has acquired a beautiful new playhouse." Daily Telegraph. (609 1198). 49, Tufnell Park Road, Islington N.7. Evenings 7.30. Tonight, tomorrow and Saturday ERIC PORTER, LYNN FARLEIGH in TWELFTH NIGHT "A night to remember." H. Kretzmer. Opening Thursday July 6. ALAN BADEL in RICHARD III

ST. MARTIN'S. 836 1443. Evenings 8.00. Mats. Tues. at 2.45. Sat. 5.0 and 8.0. AGATHA CHRISTIE'S THE MOUSETRAP World's longest ever run. 24th Year.

SHAW THEATRE. 388 1394. Timothy Dalton, Maggie Fitzgibbon in BLACK COMEDY and WHITE LIES by PETER SHAFFER. Evenings 7.30 FULLY AIR CONDITIONED.

STRAND. 836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. Doris Hare, McDonald Hobley, Arthur Howard, Barry McGinn NO SEX PLEASE, WE'RE BRITISH Directed by Allan Davis. 6th HYSTERICAL YEAR.

TALK OF THE TOWN. 01-734 5051. FULLY AIR-CONDITIONED From 8.15. Dining and Dancing. At 9.30 REVUE: SWEET TEMPTATION and at 11 p.m. MEL TORME

THEATRE UPSTAIRS. 730 2554. Air-Cond. Evenings at 8.15. AMY & THE PRICE OF COTTON by Michael McGrath (No membership required)

VAUDEVILLE. 01-836 9988. Evgs 8.00. Mats. Tues. 2.45. Sat. 5.00 and 8.15. GERALD HARPER HANNAH GORDON UNA STUBBS, PRUNELLA GEE in BAGGAGE "Attractive, witty and very funny." E.N. THEATRE AIR CONDITIONED

VICTORIA PALACE. 834 1317. Evenings 8.00. Wed., Sat. 6.00 & 8.45. TERRY SCOTT, JUNE WHITFIELD in A BEDFUL OF FOREIGNERS "GENUINELY HILARIOUS ... exceedingly funny evening." Guardian. Dinner and best stalls £4 inc. (Mon.-Thu.)

WESTMINSTER. 01-834 0283. Evenings 7.45. Mat. Wed., Sat. 2.30. RIDE! RIDE! A Musical about John Wesley "One of the most astonishing theatrical events ... this year." Guardian "It deserves a future in the West End." Stage

WHITEHALL. 01-930 6692-7765. Evenings at 8.00. Sat. 6.45 and 9.00. PAUL RAYMOND presents COME INTO MY BED

WINDMILL THEATRE. 437 6312. Twice Nightly at 8.00 and 10.00. PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA An Entire French Production You may drink and smoke in the Auditorium. "Takes to unprecedented limits what is permissible on our stage." Evening News

WYNDHAM'S. 836 3028. Last 2 weeks. Tonight & Tomor. 8. Sat 5.30 & 8.30. HELEN MIRREN, DAVE KING, MARTIN SHAW in DAVID HARE'S TEETH 'N' SMILES "VIVID AND EXCITING." D. Tel.

WYNDHAM'S. 836 3028. SIDE BY SIDE BY SONDHEIM Musical Transfers here Wed

YOUNG VIC. 928 6363. National Theatre Summer Season Prev. Ton't. Tomor. 7.45. Opens Mon 7. Tue. 8. EMIGRE (seats £1.25). Wed. 6 The Man Himself (seats 50p). Wed. 7.30 Troilus & Cressida (seats £1.25). Some seats held for sale day of performance.

CINEMAS

ABC 1 & 2. Shaftesbury Ave. 836 8861. Sep. Perfs. ALL SEATS BOOKABLE 1. ACES HIGH (A). Wk. & Sun. 2.00, 5.00, 8.15. 2. ALL THE PRESIDENT'S MEN (AA). Wk. & Sun. 2.00, 5.15, 8.20.

CURZON. Curzon St., W.1. 499 3737. Alan Bates in Simon Gray's BUTLEY (AA). Film at 2.30, 6.00, 8.30. Sun. at 3.00, 5.45, 8.30. Fully air-conditioned.

CASINO. Old Compton Street. 437 6877. THE DEVILS (X) at 4.45 & 8.40. EASY RIDER (X) at 2.45 (not Sun.), 6.40.

EMPIRE. Leicester Square. 437 1234. All seats may be booked at the box office or by post. EARTHQUAKE (A). Sep. perfs. Progs. daily 2.30, 5.30, 8.30. Fully air-conditioned.

GATE CINEMA. Notting Hill. 727 5750. Douglas Fairbanks season starts Sunday July 4. See your Sunday papers for details. Final 2 days Fassbinder's TENDERNESS OF THE WOLVES (X). 5.10, 7.20, 9.40 & BROWN ALE WITH GERTIE (X). 2.25, 4.30, 6.40. THE WILD BUNCH (X) & CAT BALLOU (A) 11.15.

LEICESTER SQUARE THEATRE (930 5252). ROBIN AND MARIAN (A). Sep. progs. Dly. 2.35, 5.35, 8.35. Seats for 8.35 prog. bkble. every day. All progs. bkble. Sats. and Suns. Late show Sats. 11.45 bkble.

ODEON HAYMARKET. 930 2738/2771. CONDUCT UNBECOMING (A). Sep. progs. Wk. 2.00, 5.15, 8.30. Sun. 4.30, 8.00. All seats may be booked.

ODEON LEICESTER SQUARE. (930 6111). A SPECTACULAR EPIC! LEE MARVIN, ROGER MOORE, BARBARA PARKINS SHOUT AT THE DEVIL (A). Sep. progs. Wk. 12.40, 4.10, 8.00. Sun 3.30, 8.00. Late show Fri. and Sat. 11.45. All seats may be booked at the box office or by post.

ODEON MARBLE ARCH. 723 2011-2. ONE FLEW OVER THE CUCKOO'S NEST (X). Sep progs. Wk. 12.45, 4.15, 8.00. Sun 4.15, 8.00. Late show Fri. Sat 11.45. All seats may be booked.

PLAZA 1 & 2. Regent St., SW1 839 6494. Sep. perfs. All seats bookable for eve. perfs. Box Office 11 a.m. to 7 p.m. (not Suns.). No phone bookings. 1. LOVE STORY (AA). Wkdays. 2.20, 4.10, 6.20, 8.35. 2. KELLY'S HEROES (A). Daily 2.00, 5.00, 8.00

PRINCE CHARLES, Leic. Sq. 437 8181. 2nd Year. The One and Only Oscar. EMMANUELLE (X). Sep. perfs. Daily (inc. Sun.) 2.45, 6.15, 9.00. Late show Fri. & Sat. 11.45. Seats Bookable.

CINEMAS ARE CONTINUED ON PAGE 18

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Plans to scrap road tax still under review

BY DAVID CHURCHILL, LABOUR STAFF

MR. PETER SHORE. Environment Secretary. last night told Civil Service union leaders that proposals to scrap the £40-a-year road fund licence were still being considered by the Department of Environment.

Representatives from the Society of Civil and Public Servants and the Civil and Public Services Association met Mr. Shore at the Commons to protest at the plans to axe some 3,000 staff responsible for administering the tax mainly at the Driver and Vehicle Licencing Centre at Swansea. South Wales.

Mr. Shore's confirmation that scrapping the road tax was still being considered contradicted a statement by Mr. Denis Healey. Chancellor of the Exchequer, late last week that the Treasury had rejected the proposals because of the extra 20p which would have to be added to petrol prices.

No Cabinet decision had yet been taken on which option to cut costs would be implemented.

These cuts are being considered as part of the £140m. planned reduction in Civil Service expenditure over the next two years.

A union request that Mr. Shore personally meet the Swansea staff whose jobs are threatened was being considered.

Mr. Campbell Christie. SCPS Assistant General Secretary, said last night that the fact the Swansea cuts were still being considered meant that industrial action by some civil servants was "inevitable."

Concerned

Earlier. local government union leaders warned Mr. Shore that they might consider industrial action over the Government's attitude towards the reduction in local authority expenditure.

In particular the union leaders. who were meeting Mr. Shore and Treasury Ministers as part of the TUC's local government committee, are concerned that staff are being sacked or not replaced and their jobs filled by outside contract staff at much lower rates of pay.

Mr. Shore told the union leaders that he would urgently consider the situation before their next meeting—expected later in July—but reminded them that he had no direct control over local authority manpower.

The union leaders were unable to get Mr. Shore or Mr. Joel Barnett, Chief Secretary to the Treasury, to comment on speculation that further public expenditure cuts were on the way.

But Mr. Shore did tell the union leaders that the financial review being carried out by local authorities at his request might not reveal the excess of overspending that had at first been suggested. This was due to probable mistakes in the authorities' financial calculations.

£6 limit is defeated by 30-year-old ruling

BY OUR LABOUR CORRESPONDENT

THIRTEEN FOREMEN at a Midlands engineering factory have won an extra £13.50 a week, more than double the £6-a-week limit, thanks to a 30-year-old Government ruling covering payment for workers doing Government contracts.

The foremen, members of the Association of Scientific, Technical and Managerial Staffs, employed by Wickham Wimet of Wolverhampton, were awarded £7.50 a week rises backdated to January by the Central Arbitration Committee. This is in addition to £6-a-week increases payable from last October.

This is not the first time that ASTMS has used the 1946 Fair Wages Resolution to secure large increases for its members during a period of wage restraint. In April the Central Arbitration Committee awarded £11.50 a week to eight ASTMS members at a Midlands aircraft factory.

The resolution, effective during the £6 policy, will continue under the $4\frac{1}{2}$ per cent. policy due to begin in August. It states that pay and conditions of workers on Government contracts should be "not less favourable than those established for the trade or industry in the district."

The Wickman Wimet foremen originally rejected the £6 offer on the grounds that it still left them well behind the "fair wage" paid by similar companies in the area.

Film delivery men return

DRIVERS who deliver films to cinemas resumed work yesterday after an agreement between their employer. Film Transport Services, and the film distributors for a 20 per cent. increase in transport charges.

The men had been on strike for six days because, they said, the failure of the parties to agree was a threat to their job security.

Peace talks in safety row at power station

BY DAVID CHURCHILL, LABOUR STAFF

FRESH talks are to be held tomorrow in the safety dispute which has delayed work on the £300m. power station under construction at the Isle of Grain, Kent.

This follows the refusal yesterday by nearly 1,000 strikers to return to work after receiving an ultimatum from the site contractors that they would be dismissed if the strike continued.

The strikers, mainly construction workers in the Amalgamated Union of Engineering Workers, are supporting 28 scaffolders dismissed for refusing to work close to glass fibre materials without protective clothing. The scaffolders fear that the type of material used to lag the power station's boilers could cause cancer.

Their fears follow a similar dispute earlier this year when boiler laggers on the site demanded free overalls because of the material used. Although this dispute was resolved, the site contractors involved this time are reluctant to provide free overalls but are willing to lend scaffolders the money to buy them.

Tomorrow's meeting will involve the employers, union national officials and representatives from the Health and Safety Executive. The executive disclosed yesterday that the Factory Inspectorate had recommended to the contractors, Babcock and Wilcox, that the type of material used could cause skin irritation and therefore overalls should be provided.

Tests on the effects of the glass fibre are being carried out by the inspectorate and the results will be given to the union and employer's representatives at tomorrow's meeting.

This latest dispute at the Grain power station—the largest oil-fired station being built in Europe—is likely to further delay construction work.

Already one 660-megawatt turbine generator due to feed electricity in to the national grid last January wil not come on stream until next year. And, if the present strike continues, then the remaining four generators due to come on stream over the next three years will be delayed.

'Stronger NUJ' step at Telegraph

BY OUR LABOUR STAFF

NATIONAL UNION of Journalists members in the London office of the Daily Telegraph have voted 135-35 in support of proposals designed to strengthen the position of the union there.

They agreed in a ballot declared yesterday to seek sole bargaining rights, 100 per cent. post-entry union membership and payment by non-members of the equivalent of NUJ subscriptions to charity.

The NUJ executive has to approve the proposals before there can be any approach to management.

There was a dead-heat in a ballot earlier this year on whether an NUJ closed shop should be sought at the Daily Telegraph.

Shortly afterwards, journalists in the London office were involved in a week-long official NUJ strike over the suspension of colleagues in Manchester during which members of the Institute of Journalists and other non-NUJ staff continued to produce the paper.

Leicester company sacks one in three

PARTRIDGE WILSON, makers of electrical equipment of Leicester, which is part of the Westinghouse Brake and Signal Company, is to make one-third of its workforce redundant.

The company says that 120 of its 350 workers are to go by September 1 and these cuts mean that more than 400 workers have been dismisssed since January, 1975.

Announcing the redundancies, which are right across the Board, the company says they are needed to ensure future viability.

Threat to Weir Pumps plan

By Our Glasgow Correspondent

THE OPPOSITION of 5,000 workers to a planned factory closure is jeopardising a £3.5m. investment programme by Glasgow based Weir Pumps, designed to make it competitive overseas.

The company, a subsidiary of the Weir Group, wants to shut its smallest plant at Yoker, near Clydebank, and transfer the workload to its bigger Cathcart works on the other side of the city.

PAY POLICY WHITE PAPER STRESSES HOPES OF ECONOMIC RECOVERY

Inflation can be halved again

Recent exchange rate movements have delayed progress in the fight against inflation, but the Government should still achieve a further halving of the inflation rate by the end of next year, the White Paper, The Attack on Inflation: The Second Year, said yesterday.

It is bound now, continues the document, to take somewhat longer to reach the target of reducing the year-on-year increase in prices to single figures by the end of this year.

In its first 14 paragraphs, the White Paper reiterates the need to bring inflation under control in order to create a "strong economy and a fair society" and reviews the progress towards these ends since last July.

The world economic recovery, it says, gives Britain its best opportunity as a trading nation for many years and industry — especially manufacturing industry—must be made more able to respond to new opportunities.

Terry Kirk

Mr. Albert Booth, Employment Minister, introduces The Attack on Inflation, The Second Year White Paper to a Press conference at his Ministry.

"That means putting more into new productive investment. In order to create the conditions for future improvements in living standards and public services, that investment has to take priority over any increase in other public or private spending for the next few years."

Dangers

The understanding of the dangers of inflation which the British people have shown is described as the Government's "greatest strength" in tackling the problem.

An undertaking is given that the Government will continue to consult trade unions, industry and the public generally.

As part of the social contract, the trade union movement had been more closely associated with economic management than ever before and among the fruits of this had been "the success of the first year of our attack on inflation, a dramatic improvement in industrial relations and the beginnings of a new spirit of co-operation in British industry."

The inflation rate had been more than halved since last July and the rate for the first six months of this year was likely to be well under half the rate for the same period last year.

Without the £6 policy, which had put the country in a "very strong position" to benefit from the recovery in world trade, the achievements so far would not have been possible.

All the signs are, adds the White Paper, that exports are growing much faster than the 10 per cent. annual rate which the Government expected at the time of the Budget.

Training measures

Meanwhile, the Government had used all the weapons available to them to reduce inflation —growth in money supply had been strictly controlled and cash limits introduced across a wide range of public sector expenditure.

The White Paper says that the Government has acted throughout the period since the 1975 Budget to alleviate unemployment by new jobs and training measures. More than £400m. had been provided to create or keep open 250,000 jobs during that time.

"The main emphasis in the whole programme has been on helping young people and particularly school-leavers."

The Government had also substantially raised the living standards of retirement pensioners, widows, and the long-term sick and disabled.

Although the attack on inflation has made a great advance since last July, says the White Paper, there are still great difficulties to be faced.

Unemployment remains much too high, wage costs per unit of output are still rising more quickly than in our main competitor countries and there has been the recent "unexpectedly sharp depreciation" of sterling.

Inevitable

"Inevitably, recent exchange rate movements have delayed our progress in the fight against inflation. Last July, the Government set a target of reducing the year-on-year increase in prices to single figures by the end of this year.

"It is bound now to take us somewhat longer to reach this target, but we should still achieve the objective of a further halving of the inflation rate by the end of 1977."

The White Paper then continues:

We are now entering a stage in our economic recovery in which world trade is increasing, and production the world over is growing to meet rising demand. This situation gives us the best opportunity the country has had since the war for export-led growth, with all that means in terms of higher U.K. output and employment.

To get these benefits we have to maintain the momentum of the attack on inflation and consolidate the gains made in the past 12 months. Diverting resources into exports and investment requires both a high level of competitiveness in our industry and a basic change in the structure of our economy.

This change is essential if we are to have a good prospect of rising living standards in future years: but we have to absorb its impact on our present living standards. If we try to improve our living standards by higher money earnings, we shall only get more inflation; it is just no good paying ourselves in confetti.

The best prospect for seizing the opportunity of export-led growth, and achieving sustained improvement in our living standards, is to get our inflation rate at least down to that of our competitors, and to keep it there.

This was the objective to which this year's Budget proposals were addressed. For the first time, the Chancellor of the Exchequer offered to link substantial tax reliefs with a pay limit consistent with a further halving of the inflation rate.

Following the Budget statement, Ministers embarked on intensive consultations about the next stage of counter-inflation policy: these culminated in the new agreement with the TUC on a pay limit for the next year equivalent to an increase of about $4\frac{1}{2}$ per cent. on average in wages and salaries.

Maximum

The Government endorsed the TUC proposal, which limits increases to £2.50 for those earning up to £50 a week, to 5 per cent. for those between £50 and £80, and to a maximum of £4 at all higher levels of earnings.

Increases under the new pay limit, like those under its predecessor, will not be consolidated into basic rates. Because of the tight structure of this policy, the increase in average earnings to be expected over the next year is in line with that envisaged by the Chancellor when he proposed a pay limit in the area of 3 per cent. coupled with tax reliefs.

The Government therefore made clear on May 5 that, once the proposed new pay limit had been ratified by the TUC Special Congress on June 16, they would implement in full the conditional tax reliefs outlined in the Budget.

People at work will benefit in three ways from the new pay policy and the tax reliefs associated with it:

I they will benefit from the pay increase itself, as described above.

II they will benefit from the tax reliefs. By July or August, when all the reliefs will be operating, the average family will already have benefitted by as much as £30. The amount of benefit will vary with family circumstances and levels of income. The tax reliefs operate from April 1, 1976, and will be in payment by not later than August 1976. For most people this means that the tax relief operates very much earlier than the date for their pay increase under the new agreement.

III they will benefit because prices will rise more slowly than they would with a higher limit. By the end of 1977, this reduction in inflation is expected to be worth as much to the average family as a pay rise for the breadwinner of £2 a wek

Dramatic

The dramatic increase in oil and other commodity prices in 1973-74 reduced out real national income by five per cent., at a time when we were already living beyond it by running an external deficit.

The impact of that fall in national income was cushioned for a period by increased borrowing abroad, but much of the unavoidable decline in living standards of people at work came through in the first half of 1975.

We now have to face the effects of the fall in the exchange rate and the need to direct more resources to exports and investment, with the benefits which that will bring for employment. The changes in the Price Code referred to later in this White Paper are part of this.

But inflation will be lower. people at work will benefit from the tax reliefs linked with the new pay limit, and output and productivity will be recovering.

Some further reduction in the real value of take-home pay (affecting single people more than families with children) is a necessary condition for reducing unemployment and getting the balance of payments right.

But the reduction in the real value of the average pay packet should be a good deal less than that experienced in the first half of 1975 before the £6 pay policy was introduced.

Annex B to this White Paper reproduces the TUC pay guidelines, endorsed by the Government, for the coming year. These guidelines were adopted by an overwhelming majority at the TUC Special Congress.

The CBI, while not in agreement with all aspects of the programme, have welcomed the accord between the Government and the TUC, and are asking their employer members to do all they can to ensure the success of the policy.

Increases within these new limits, as under the current £6 policy, are to be applied as a cash supplement to earnings, and in general the interpretation of the policy in particular circumstances will be the same as in the current period.

Like the £6, these are the limits within which the amounts of increases are to be negotiated. There are no transitional provisions; for all groups increases within these new limits may be implemented 12 months after the major increase which they received in the previous period.

Indices

For those to whom the £8,500 cut-off applied in the previous period, increases may be implemented 12 months after the date on which an increase would have otherwise been allowable.

An increment which has been withheld solely because of the £8,500 cut-off may be paid with effect from a date 12 months after the date on which it would otherwise have been allowable; alternatively, an increment allowable on the later of these two dates may be paid, but not both.

Increases in London weighting allowances, in line with Department of Employment indices of additional costs, which become due on or after August 1, 1976, must be contained within and offset against the new pay limit; those which became due in the previous 12 months can be paid only if contained within and offset against the £6 limit.

The Government attach the highest importance to maintaining the principle of a voluntary policy.

They therefore welcome this further agreement with the TUC on guidance to negotiators within the framework of the Social Contract; and they are confident that it will secure the same measure of acceptance and support as the £6 limit.

The TUC guidelines make it clear that they should be universally applied, and that the TUC will oppose any settlement in excess of them. The Government will ensure strict observance of the new policy throughout the public sector. The arrangements and sanctions in Cmnd. 6151 to secure compliance in both public and private sectors will continue to apply.

The present voluntary arrangements through which the Government now collect information about pay settlements and intended settlements will continue. So will the requirement to supply pay information to the Price Commission for the purposes of price control.

Successful effort

Even though the rate of inflation has been reduced, it remains a heavy burden on all sections of the community and especially the housewife. But the consumer can look forward to a lower rate of inflation in the next 12 months than in the past year.

During the last year we made a major and successful effort to reduce the pressure of wage costs on prices, and the new pay limit will mean a substantial further reduction in that pressure. But there will also be new factors at work. With the recovery of the economy from the recession, we can expect rising productivity to moderate the rate of increase in unit labour costs.

On the other hand, we shall have to contend with substantial pressure from higher import prices, not only as a result of the depreciation of sterling, but also because of rising world demand for food and raw materials.

Nothing will help housewives more than a fall in the rate of inflation, and this is the Government's overriding aim. Meanwhile, a range of measures to help housewives has been introduced.

Surveys

"Price Check," a voluntary scheme agreed between manufacturers, retailers and the Government and limiting price increases on a wide range of consumer goods, was introduced in February, 1976 to run for six months.

Prices of goods in the scheme have moved very little, and in some cases have fallen. The Government have also financed through a special Exchequer Grant many new consumer advice centres to assist and advise shoppers.

By the end of this year, over 120 will be operating. The Government has encouraged local price surveys, comparing prices of foodstuffs in local shops.

Nearly 300 are expected to be working by the end of the year. A continuing effort will be made to maintain and improve consumer information.

The subsidies to the nationalised industries needed for price restraint have been phased out. The exceptional price rises caused by this have now happened and future increases should in general be lower.

The British Railways Board have announced that they will not be seeking any further fare increase during 1976, and the Post Office Corporation have said that they do not intend to increase the main letter post rates in 1976, nor telephone charges during the rest of the present financial year.

The Government have said that food subsidies will be progressively reduced as inflation is brought down and as social benefits are improved. But these subsidies still contribute substantially to the protection of people on low incomes: over £400m. will be spent on them in the year up to March, 1977.

There will be an additional subsidy of £35m. so that the price of school meals will not have to go up in this financial year.

Control

The Government propose to extend for a further year from August 1, 1976, the powers to control prices through the Price Code. There will continue to be both cost control and profit control under the Price Code and the Price Commission will continue to enforce it.

The Government are determined to ensure that the results of pay restraint by people at work are reflected in the price level and that a strict control is retained.

Some changes in the code are, however, needed in the interests of investment and jobs. They are essential to our success in building up industry and reducing unemployment.

Pay restraint and price control will not be effective in reducing the inflation rate unless other aspects of economic policy are also consistent with that objective.

It is essential, therefore, that fiscal and monetary policy should contribute to the attack on inflation, and help the movement of resources into exports and investment.

Cash limits

Failure to control public spending, or to ensure that the growth of the money supply does not stimulate inflation, would place the programme in jeopardy. The Government have already declared their determination to ensure that the planned public spending totals, including those for local authorities, are not exceeded.

In addition, for the current year, cash limits have been extensively applied to individual public expenditure programmes.

Within the strict limits which have to apply to public spending, the Government's priorities will accord with the objectives set out at the beginning of this White Paper.

In addition to exercising firm control of public expenditure, the Government are determined to see to it that the money supply does not grow too rapidly.

The Chancellor of the Exchequer has said he will ensure that the growth of the money supply is consistent with the Government's plans for the growth of demand expressed in current prices.

The Government are equally determined that the expansion of productive capacity and exports should not be held back by competing public sector demands for finance.

These policies will be reinforced if necessary by further action in the fiscal and monetary fields. Moreover, steps have been taken to ensure that the banks can fully meet the needs of manufacturing industry for finance.

Any expansion of their business has had to be directed to meeting industry's needs for the expansion of exports, import saving, investment and working capital.

Investment and jobs

The key element of the Government's longer-term programme for the British economy is the effort to build up British industry. The essential conditions for success are control of inflation, which destroys markets and jobs and undermines the confidence needed for investment; and the provision of sufficient resources, real and financial, to get industry moving.

On the one hand, public demands on resources have for the present to be kept within tight limits.

On the other, industry has to be permitted (within the framework of the price control) to achieve sufficient profitability to generate the funds for investment and to offer the prospect of an adequate return on investment once undertaken.

During the 1960s, the rate of return, after taking account of the need to replace fixed investment and stocks, was typically over 10 per cent. By 1974 it was down to 2.2 per cent.

This has contributed to the recent slump in new productive investment and consequent loss of jobs. The downward trend in profitability must be reversed.

The Government therefore propose a number of changes in the Price Code to encourage investment and employment. The main changes are:

a. An increase from 20 per cent. to 35 per cent. in the rate of investment relief (that is, the proportion of the costs of new investment which may be reflected in current prices);

b. Provisions relating to the depreciation of assets and to the appreciation of stocks which (in line with the general conclusions of the Sandilands Report accepted by the Government) recognise the effects of inflation;

c. Adjustment, principally to take account of inflation, of the categories which determine the price control procedures applying to particular firms;

d. Measures to mitigate aspects of the Code which discourage cost-saving and greater output. These include the abolition of the productivity deduction;

e. Other measures to reduce the administrative burden on companies of operating the Code.

The Price Commission monitors investment relief to ensure that relief is only claimed where investment is actually
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TUC pay guidelines

The TUC's pay guidelines agreed with the Government should be universally applied and the TUC will oppose any settlement in excess of them.

1—It has been agreed that the guidelines for increases becoming operative in the period August 1, 1976 to July 31, 1977 should comprise a percentage increase of five per cent. on total earnings for all hours worked with a cash minimum of £2.50 and an upper cash maximum of £4 per week. The figures will apply to all full-time adults (aged 18 and above) with *pro rata* payments *for part-timers and juveniles*.

2—This will be payable as an individual earnings supplement. It will entail employers each week calculating total earnings and adding 5 per cent. to the result. If the answer is more than £4, £4 would be added. If less than £2.50 results, £2.50 is likewise added.

3—The 12 months' interval between major pay increases should continue to apply. Where no increase has been received since August 1, 1975 because of the cut-off requirements of the £6 policy, the normal negotiating date should apply.

4—All other improvements including non-wage benefits should be kept within the overall pay figure except as provided for in the current policy; improvements in (or the introduction of) occupational pensions schemes up to the contracting-out level provided for in the Social Security Pensions Act can also be implemented outside the pay figure.

5—Negotiators will be responsible for ensuring that earnings do not increase beyond these levels. Where unions experience difficulty in interpreting the guidelines in relation to their own negotiating situation, they should approach the TUC for guidance.

CONTROL ON PROFITS TO REMAIN WITH INCENTIVE TO RAISE FUNDS FOR GROWTH

Price Code to help boost jobs and output

The Government's proposals for changes in the Price Code were published yesterday in a White Paper presented to Parliament by Mrs. Shirley Williams, Secretary for Prices and Consumer Protection.

This Consultative Document describes and summarises the Government's proposals for the Price Code element in the prices policy for the next 12 months of the attack on inflation as outlined in the White Paper Cmnd. 6507. The administrative arrangements for a Price Commission and a Price Code will continue.

Companies will continue to operate under general profit ceilings and in addition the general test for price increases will continue to be whether there has been an increase in costs. At the same time, within this broad framework there will be changes to permit British industry to raise the funds that are needed to finance a higher level of activity, to increase employment and to instil the confidence needed to invest for the future.

The Government estimates that the effect of these changes will be to increase the Retail Price Index by about 1 per cent. in the coming 12 months. The changes affect many different provisions of the Price Code.

They have been so designed as to offer a number of options. Which option an individual firm chooses will depend upon circumstances peculiar to it, as well as upon its judgment of the condition of the market for its goods and services.

A complete draft of a new Price Code is set out in full in Part II of this Consultative Document, with a commentary to indicate the purpose and effect of each amendment. The more important changes are discussed below.

Investment

There will be an improvement in the relief available for new fixed investment. The range of investment in physical assets qualifying for relief will be extended to cover expenditure by retailers on the construction of shops, but investment in office buildings will remain outside the scope of the relief.

The rate of relief on investment has been 20 per cent. since May, 1975. That is to say, firms are allowed to raise prices in the year in which investment expenditure is incurred to the extent necessary to recover one-fifth of that expenditure from current price revenue.

The Government is proposing that the present rate of investment relief should be increased to 35 per cent. If there is to be a continuing form of prices policy after the next 12 months in which investment relief is appropriate, the Government intends that equivalent relief on new investment should be maintained as an integral part of the regime.

The Price Commission will continue to verify that the actual investment expenditure is undertaken during the investment year and that not more than the amount of relief permitted has actually been taken in prices.

Inflation

The Report by Sir Francis Sandilands' Inflation Accounting Committee has demonstrated that, in a period of inflation, the apparent profits indicated by company accounts drawn up on a historic accounting basis may conceal the fact that the firm is not making sufficient money even to replace the assets it has consumed. In the company sector the real rate of return (that is at replacement cost and after deduction of stock appreciation) is very low and has fallen over the decade from 1965 from around 10 per cent. to around 2 per cent.

The Government has accepted in principle the conclusions of the Sandilands Report. The Inflation Accounting Steering Group is currently considering what new accounting standards are needed to give effect to the Sandilands recommendations. This is a complex task, and the Steering Group's timetable precludes a new accounting standard before the new Price Code comes into force.

The Government has accordingly had to consider how the new Code can take account of the message of the Sandilands Report, without prejudicing the recommendations of the Steering Group, in the accounting rules for (a) depreciation; and (b) the treatment of stocks.

Depreciation

The Government proposes that the new Price Code should broadly recognise the fact that the historic cost method makes too little provision for depreciation. The Current Cost Accounting (CCA) techniques recommended by the Sandilands Committee would permit firms to value assets for depreciation in various ways designed to show their value to the business.

The present Price Code precludes firms from using the revaluation of assets for the purpose of depreciation if the revaluation has taken place during the period of the controls. This limitation will be removed in the new Code in respect of revaluations shown in companies' annual accounts.

The majority of companies will, however, be continuing to depreciate against historic cost for other accounting purposes during the 12 month period under consideration, and figures thus arrived at will in general make inadequate provision for the replacement of the assets concerned.

The possibility that the Code itself should incorporate accounting rules for the indexing of depreciation on the basis of the Price Index Numbers for Current Cost Accounting now being published by the Central Statistical Office, has been considered but rejected for two reasons.

First, Price Code provisions on this subject drawn up now are likely to differ substantially from the full accounting standard that will eventually be issued, so that companies would be obliged to adopt procedures purely for pricing purposes, only to change them again after a short time.

Secondly, the rules for the selection and application of indices would leave room for dispute and disagreement, with the result that many firms would probably feel that they were not equipped to undertake such complex calculations.

Marking up

In the interim period, while a new accounting standard is awaited, the Government has accordingly concluded that there should be a general marking-up of historic depreciation charges for all Price Code purposes (where there has not been a recent revaluation). This cannot be a precise or scientific provision for adjusting historic cost to CCA accounting.

It is no more than a broad adjustment to improve the position until a new accounting standard is in operation. It has the merits of presenting no problems of calculation to companies or to the Price Commission. The adjustment factor proposed is 1.3. This moves some way, but not all, towards replacement cost.

The supplementary provision affects both the cost controls and current profit margins. There will be no adjustment of reference levels or other base data. Claims for depreciation are checked in due course against the company's annual accounts by the Price Commission and revaluation will be admitted only where it has already appeared in such accounts.

Stocks

Just as historic accounting in a period of inflation may mean that a company which is apparently profitable is consuming its capital stock, so it may mean that apparent profits are in fact little more than the rising value of stocks, which have to be replaced at higher cost if the business is to keep going. The Sandilands Committee recommended an adjustment to reflect the current cost of each sale, and this also is one of the technical issues under consideration by the Inflation Accounting Steering Group.

Here again, the Government proposes that, pending agreement on a new accounting standard the Price Code should include an interim adjustment moving towards the objective of the Sandilands Committee's conclusions.

Increases in the cost of materials are among the allowable cost increases which can be reflected in price increases under the Code. For this purpose, it is proposed that all firms should have the option of calculating the cost of materials currently consumed on the basis of the latest contracted purchase price as defined in the Code.

Notional stock profits can also affect the position of companies under the net and gross profit controls in the Price Code. A relief for stock appreciation is already in operation for purposes of Corporation Tax. The system is familiar, and it is proposed that current gross and net profit margins under the Code should be adjusted by a similar method so that paper stock profits cannot lead to a profit excess in comparison with reference levels.

To take account of the fact that reference levels will remain unadjusted, a deduction will be made for the proposed relief analogous to the deduction made for tax purposes. The amount of the deduction proposed is 30 per cent. of the increase in stock values (not a percentage of profit, as for tax purposes) in the relevant period.

Productivity

This stock relief will make it easier for firms to finance the materials they need when business activity turns up, and will facilitate the replacement of stocks when costs are rising. Steps will be taken to ensure that the relief is not abused. Companies will be required to inform the Price Commission of the volume increase in their stocks, and further inquiries will be made if there is reason to suspect that stock levels have been manipulated to bring about unjustifiable price increases. These aspects of the new relief will be monitored closely by the Price Commission.

The productivity deduction has been a feature of the Price Code since its introduction by the Conservative Government in 1973 at a level of 50 per cent. In December, 1974, it was reduced by the present Government to a standard rate of 20 per cent.

The £6 a head pay policy has reduced the rate of increase in labour costs, but even so increases inevitably constitute a large element in total costs, especially in the more labour intensive sectors of industry. The productivity deduction prevents companies from fully meeting higher wage costs and therefore can have an unfavourable effect on employment.

In to-day's circumstances the productivity deduction can be dropped with no significant price effect, and a useful benefit in providing jobs and simplifying the controls. The deduction will, however, continue on a transitional basis for payments under escalation and variation-of-price clauses in contracts concluded since the introduction of the Price Code.

It has been represented that the Price Code can be a disincentive to companies which expand output or cut costs, because any reduction in costs per unit of output should be entirely reflected in the price, and cannot be applied to improve profit margins. The cash value of a margin will be reduced if there are cost reductions, whether as a result of greater efficiency or because increased output leads to overheads being more thinly spread. A similar result can occur if exports rise as a proportion of total output, since the fixed costs allocated to home sales are likely to be proportionately reduced.

The Government has looked carefully at the proposition that the Price Code should cease to be expressed solely in terms of costs per unit of output and should be reconstructed, for companies which found this helpful, to permit the optional use of "input costing." It has concluded that the link between prices and actual output costs must be retained, and that a radical restructuring of the Code on an optional basis would not be justified.

However, within the framework of the general rules, it is proposed to introduce new provisions to deal with the effect on overhead costs described in the preceding paragraph. For calculations involving changes in overhead costs, half of any future growth in output will be disregarded, so that companies will not lose the whole of the benefit of the lower costs which result from increased production and exports.

For this purpose, fixed costs will be taken to include those categories of non-wage labour costs, such as national insurance, which are not at present subject to the productivity deduction. As a special incentive to the more economical use of fuel, any company which can reduce the unit output cost of fuel from a base date will be permitted to retain the saving and will not be required to pass it into the price. The base date for the purpose of these new provisions will be the date of the most recent price increase preceding the introduction of the new Code.

The present output costing rules will continue to apply to those labour costs which are subject to the productivity deduction in the present Code. There will be no change in the output costing rules as they apply to material costs, since the Government considers that savings resulting from lower materials costs should be passed on in full to the consumer.

Flexibility

A central feature of the new Code will continue to be the link between increases in costs and consequential increases in prices. The Government accepts the need, however, for a degree of flexibility. This has existed in earlier versions of the Code, but for the next phase the Code will set out clearly the extent to which individual prices can be restructured.

The basic rule will be that the average increase in prices for a range of products (weighted to take account of the value of sales of different products) should not exceed the total entitlement arising from the cost controls. Within this total, the principle will be that the individual price increase (in percentage terms) should not be more than twice the average increase for the range. Companies will only be permitted to increase individual prices beyond this limit if:

(a) the individual price increase is not more than 5 per cent.; or

(b) the individual price increase can be justified by reference to a disproportionate increase in the costs for that product; or

(c) the Price Commission is satisfied that it is the company's established commercial practice to maintain a particular pattern of differential price increases within the range; or

(d) the Price Commission is satisfied that a higher price is justified for a particular product in the light of the limited extent of recent price increases on the product or of the period which has elapsed since the price of the product was last increased; or

(e) pricing flexibility between different types of pack or outlet has been permitted under the present Code. It is not, however, proposed to provide for flexibility between different localities, since the Government does not consider it equitable for a customer's price increase in one part of the country to cross-subsidise another.

There can be situations of market dominance in which a restructuring of prices may be desirable so as to ensure the best use of resources and hence the greatest ultimate benefit to consumers. The Monopolies and Mergers Commission recommended such a restructuring in a recent report on plasterboard, where it is considered that the change from a system of uniform delivered prices to a system of zonal prices would be likely in the long run to make for more competitive and efficient trading.

It is proposed that the new Code should make provision for price restructuring where this arises from a Monopolies and Mergers Commission report and where the case for action has been accepted by Government and reflected in an order or undertaking under the Fair Trading Act 1973.

Profit controls

The Government sees no need for any radical new approach to the setting of profit margin controls. As a general rule, it believes that a ceiling derived from the actual performance of the individual firm is the fairest approach.

The process of establishing reference ceilings has been completed. The Government rules out any modifications to the structure of control (such as its re-formulation in terms of a return on capital) which would require firms to start all over again with new calculations under a different system.

At the same time, experience over the past three years of price control indicates that the general rules may produce harsh and unintended results in particular cases. The Government accordingly proposes some modifications in the general rules for the calculation of net profit margin levels, and also intends that there should be more use of the facility for companies to obtain modifications to their individual reference levels.

The most important of the general changes to the net profit margin controls will result from the accounting changes discussed in paragraphs 7 to 14. In addition, the other changes proposed in the general rules are as follows:

(a) Companies will be permitted (but not required) to take account of their most recent accounting years up to July 1976 in the calculation of their reference levels.

(b) Current profit margins will be monitored over a rolling 12 month period, within which firms can set excesses against under-recovery.

The present Code provides for the Price Commission to "permit some departure" from a reference level in certain circumstances. For the next phase, the criteria which guide the Commission in performing the function of raising reference levels will be clarified.

THE MAIN PROPOSALS FOR CHANGING CODE

1. An increase from 20 per cent to 35 per cent in the rate in investment relief—that is, the proportion of the costs of new investment which may be reflected in present prices.
2. New provisions on the depreciation of assets and the appreciation of stocks which go some way in offsetting the damaging effects of inflation.
3. Redefinition of the categories of companies to take account of inflation.
4. Measures to moderate the disincentive effect of the Code on saving costs and increasing output, including the abolition of the productivity deduction.
5. Other steps, including those to reduce the companies' administrative burden of operating the Code.

Distributors

The distributive trades have faced difficult trading conditions over the last two years. For many distributors, costs have risen faster than turnover, and the consequent squeeze on their profit margins has been accentuated by depressed demand and keen competition.

In these circumstances there are limits to the extent to which the market would enable distributors to take advantage of any relaxations in the gross and net margin controls in the Price Code.

The Government has carefully considered the representations put forward by the Retail Consortium and other interested organisations that the ceilings on distributors' gross percentage margins should be abolished or at least that the 10 per cent. reduction in gross margin ceilings which the Government imposed in May, 1974, should be revoked.

The Government does not consider that either of these major changes could be justified at the present time. Where individual distributors have escaped a disproportionate rise in costs and the general depression of demand, the present control remains an important safeguard for the consumer against unnecessarily high margins.

For distributors whose net profit margins have been eroded, there are safeguard provisions designed to mitigate the impact of the control and to enable the erosion of margins to be checked insofar as the market permits.

Stock relief

Two of the general modifications discussed above will be of benefit to individual distributors who have experienced problems with the present Code. The stock relief will ease the problems of certain trades which under the existing Code have had difficulty in financing the higher costs of replacing their stock out of their permitted margins.

The extension of the investment relief to cover expenditure on new shop buildings means that the relief, at the new higher rate of 35 per cent., will cover a larger proportion of distributors' capital expenditure than it does now.

In addition, five changes are proposed in the rules which apply specifically to distributors:

1—There will be improvement to the safeguard in paragraph 88 of the present Code which allows distributors a limited amount of scope to widen gross margins if their net profit margins have been eroded. Distributors are at present allowed to raise gross percentage margins up to 105 per cent. of their original ceilings if net profit margins are below 80 per cent. of reference levels; it is now proposed that they should be able to widen gross margins up to 110 per cent. of ceilings in order to reach 80 per cent. of their net profit margin reference levels.

2—Gross percentage margins are based on a single year of trading: either a recent 12-month period before the controls began in 1973, or, if an enterprise has not traded in such a period, a 12-month period ending not later than March 31, 1974. There is thus a major difference in treatment between firms which were only just establishing their businesses in the base year and may have been caught with a low gross margins ceiling and firms which set up in business just after the base period and thus have no ceiling at all.

It is now proposed to bring into control all firms which have been trading for at least two years. For any firm which had only one full year of trading or less by April 30, 1973, the gross margin will be the margin in any accounting period of 12 months within its two years of trading.

3—Provision will be made for modifying individual gross margin ceilings, on the same lines as that for net profit margin reference levels (paragraph 23). This should be of particular relevance to firms or trades which have run into difficulties as a result of major changes in sales mix.

4—The exemption limits for small firms from the 10 per cent. cut in gross margins will be raised, to take account of inflation and in line with the similar changes in the administrative requirements set out in paragraph 46, from £250,000 annual sales for retailers and £500,000 for wholesalers to £375,000 for retailers and £750,000 for wholesalers.

5—Gross margins, like net margins, will be monitored over a rolling 12-month period.

Safeguards

The Price Code contains a variety of safeguards for companies making low profits, or for cases where the profitability of a particular activity has been significantly eroded since price controls were introduced.

The basic safeguard, available to any firm in any sector, provides that the restrictions on prices and profits in the Code should not be applied so as to prevent a firm obtaining a specified minimum return on capital (the 'relief for low profits' in paragraph 77 of the present Code). In December, 1974, the minimum return was raised to 10 per cent., based on the historic cost of assets.

The accounting changes discussed earlier will now afford some additional relief within that figure. No change is therefore proposed when the figure serves as the basic safeguard described above. In the present Code however, the 10 per cent. figure also serves a second purpose.

For companies where very low profitability in the reference period means that a reference level equivalent to less than this return would apply, 10 per cent. on capital acts as a ceiling on the net profit margin, in place of the reference level. For this function a modest increase is justified to bring the ceiling closer to the average results of the private sector, and a new safeguard of 12½ per cent. is proposed.

An alternative safeguard is expressed in terms of a margin on turnover (paragraph 78 of the present Code). Where this margin acts as a ceiling in place of the reference level the Government proposes to raise the minimum from 2 per cent. to 2½ per cent.

The Price Code also recognises certain minimum levels of profit on individual products or product ranges. It has been represented by certain sectors of industry that these provisions have failed to achieve their purpose. It is pointed out that companies cannot operate at safeguard levels over any protracted period, in that margins will again be eroded by cost increases before prices can be raised.

Without re-modelling the structure of the present rules the Government are prepared to raise the safeguard figure to the point where a firm can set prices at a level which secures for the product (or product range) at the time of the price increase: (i) total costs plus a 2½ per cent. profit margin; or (ii) a profit margin not less than 80 per cent. of the margin or the base date before the introduction of the Price Code.

The proposed improvement in the safeguard for distributors has been described earlier.

Interest

It has been represented that the Price Code, as it has stood since 1973, can operate as a disincentive to the raising of new equity capital. This is because the cost of interest is one of the costs which may be reflected in prices. The raising of finance through a new share issue, as opposed to borrowing, would therefore tend to reduce a company's permitted price and profit margins. The Government accepts that the Code as it stands has this bias, and that it is undesirable that the price control should discourage firms from going to the market for funds needed for expansion or to pay off borrowings.

It accordingly proposes that all interest payments and receipts should in future be left out of account in the application of the allowable cost and net margin rules. Reference levels will be adjusted by a factor which reflects the firm's borrowings in the last complete year of account, so that the headroom within reference levels is unaffected by this change.

Interest will continue to be taken into account in the application of safeguards where appropriate, and in the provisions as they affect banks and financial institutions.

State groups

In some trades and professions (such as solicitors and estate agents) the taking of deposits from clients and the receipt of interest on such deposits can be regarded as part of the normal trading activity of the firm. The Code will make it clear that interest in such circumstances is to be taken into account.

For a number of years before November, 1974, the prices of the nationalised industries were restrained more severely than those of the private sector. The Government then made some changes to the Code to enable those industries which could to raise their prices and phase out the deficits which the Government was subsidising. The gas and electricity industries and the Post Office are now out of deficit and there is every reason to believe that the rate of future price increases will be markedly lower than we have experienced over the last 18 months.

But the Government remains very conscious of the need to contain the prices of necessities which are of vital importance in the family budget. Nationalised industry prices have on the whole increased at above the average rate of inflation in the last 18 months and the Government consider it important to maintain a close scrutiny over them.

SIR FRANCIS SANDILANDS

Pointed out vital role of inflation accounting

Public sector

The cost controls, amended as for the private sector to permit higher depreciation, will continue to apply to nationalised industries' future price increases subject to a maximum of 2 per cent. on turnover and 10 per cent. on net assets. In considering whether to exercise their powers to cut back surpluses and proposed price increases, Ministers will bear in mind both the interests of the consumer and the needs of financing each industry's investment programme.

There will be no change in the position whereby the Price Commission monitor proposals made by the regional water authorities to ensure that the resulting charges do not exceed the financial ceilings imposed under the Water Act 1973. Trading services of local authorities will also remain within the Code, with the exception of charges for car parking. Increases in car parking charges beyond Code limits may be necessary in the interests of effective local traffic management.

Other moves

The Government's proposals include further changes to the Code which are set out in more detail in Part II of this Document. Amongst the most significant of these are:

(a) The cut-off date before which cost increases do not qualify for retrospective recovery in prices will be rolled forward from November 1, 1973, to January 1, 1975.

(b) Coastal freight will be removed from control, where the system of competitive tendering on which it operates and its close relationship with international shipping have made price controls impracticable and unnecessary.

(c) Following the Price Commission's reports on the treatment of increases in indirect taxes on alcoholic drink and tobacco, the present requirement to deduct these increases from sales in computing gross and net profit margins will be replaced by standard rates of deduction—15 per cent. of sales for alcoholic drink and 20 per cent. for tobacco.

(d) A new discretionary power will be added enabling the Secretary of State to authorise modifications to the Code for particular enterprises where a merger or acquisition which improves efficiency in the national interest is at risk because of the Code's restrictions on profit recovery.

(e) The anomaly whereby hire purchase and conditional sales are treated differently from instalment credit and personal loans will be terminated. In line with the policy which underlies the Consumer Credit Act 1974, interest charges in hire purchase and conditional sales will be put on the same basis as interest on other personal credit transactions, which is not subject to price control. Related non-interest charges, such as the option-to-purchase fee in hire purchase contracts, will remain subject to price control.

It is intended that the new Code should come into operation on August 1, 1976. Price increase notifications received by the Price Commission before that date will have to conform with the existing Code. Increases justified under the cross-subsidy provisions associated with the Price Check Scheme (paragraphs 137 to 141 of the present Code) may be maintained for up to six months from the date of the increase, after which the price increase entitlement will revert to the product on which the cost increase had been incurred.

Notification

The requirement on large manufacturing and service companies to give advance notice of price increases, with full supporting data, to the Price Commission constitutes an administrative burden for the firms concerned. On the other hand, the structure of pre-notification is important both to enable the Commission to stop unjustified price rises before consumers begin to pay them and to make the sanction in the Code against excessive pay settlement a credible and effective deterrent.

Pre-notification will therefore be retained for the majority of firms which are now subject to it. However, many companies have only recently become pre-notifiers because they have been drawn into this category by the effects of inflation. None of the monetary limits have been changed since they were introduced in 1973.

The Government therefore intends to raise the categorisation limits to offset the effects of inflation since 1973 and to reduce the burden of the controls on manufacturing firms. The revised lower limits will be as follows:

Lower limits for categorisation (total value of sales on the home market in the latest complete year)

Sector	Category II (pre-notifying and/or reporting) .000	Category III (record-keeping) ,000
Manufacturing	10,000	£2,000
Construction	£7,500	£1,500
Commercial Services	£7,500	£375
Professional Services	£750	£150
Distributors	£15,000	£375

Note: No change is proposed in the definition of "Category I" since the obligations of Category 1 and Category II companies are now identical.

An exemption from pre-notification for minor price increases is also proposed. Increases for a product or established product range which amount to less than 2 per cent. over a whole year above the price prevailing on July 31 will not be subject to pre-notification.

Companies which would otherwise have pre-notified such increases will, however, be required to inform the Price Commission of the increases within 16 days after implementation. A less detailed form of cost justification will be required than for normal pre-notifications, but full details of relevant wage settlements must still be supplied.

Modifications to the Price Code: a Consultative Document, Cmnd. 6540; SO; 75p.

Average household spending up 18%

BY IAN HARGREAVES, LABOUR STAFF

THE AVERAGE U.K. household spent £54.58 a week on goods and services in 1975, according to a Department of Employment survey. This was an increase of £8.45, or 18 per cent., on 1974.

The figures, published in the June issue of the Department's Gazette, are the first results from a family expenditure survey conducted throughout 1975 and taking information from 7,203 households containing 20,254 people.

It shows that although the general level of spending was pushed upwards by inflation, there was very little change in the way people spent their money.

Food continued to account for almost a quarter of all expenditure on goods and services at 24.5 per cent., compared with 24.5 per cent. in 1974. Transport and vehicles took 13.8 per cent., against 13.4 per cent. in the previous year.

Housing, food and transport combined last year accounted for 51.7 per cent. of expenditure—the same percentage precisely as was recorded in 1974.

The most outstanding rise in individual items during 1975 were for potatoes and sugar, with increases of 55 per cent. and 66 per cent. respectively.

Expenditure on electricity and the hire of electric appliances rose by 35 per cent., chiefly because of the revision of the basic electricity tariff.

Most items showed a percentage increase more in line with the general rate of inflation, although there were a few areas in which real spending fell by small amounts.

As a proportion of the average family budget spending on housing and durable household goods fell slightly, with corresponding increases being registered on fuel, food, transport and alcoholic drink.

The full report of the 1975 survey will be published later in the year.

ACCOUNTANCY APPOINTMENTS

Financial Director

London Area **from £12,000 plus bonus**

Our client, the U.K. subsidiary of an international service group, seeks a qualified accountant to be chief financial executive for the company's diverse operations in the U.K., Eire, Middle East and southern Africa.

In addition to controlling the full finance, accounting, taxation, company secretarial and D.P. functions through established subordinate managers, the person appointed will be expected to participate as a member of the executive management team in the strategic planning and operations of the company, including its licensee operations in the U.K. and overseas.

Candidates must be able to demonstrate a record of success both technically as an accountant and operationally as a manager in a commercial environment. An attractive remuneration package will be open to negotiation.

Applicants, male or female, should write, quoting reference M833 and enclosing full curriculum vitae, or telephone for an application form to Jeffrey F V Hernu

AYMS *Arthur Young Management Services, Moor House, London Wall, London EC2Y 5HP, Telephone: 01-628 4070 Ext. 308*

Monopolies and Mergers Commission– Accountant Adviser

The Commission investigates monopolies and mergers referred to it, reports on their effect on the public interest, and may recommend action to remedy or prevent possible damage.

The Accountant Adviser, supported by a small staff of accountants, is responsible for providing the Commission with accountancy advice, for the conduct of financial investigations, for drafting parts of the Commission's reports, and for supervising the work of members of accountancy firms employed by the Commission. *The job involves close collaboration* with lay colleagues and contact with the directors of major UK companies, the partners of large firms of accountants, and senior civil servants.

Candidates (men or women preferably aged at least 35) must be qualified accountants with experience gained in practice, industry, commerce, or the public sector. They must have held a senior management position and have a wide and up-to-date knowledge of professional matters. The ability to draft well and to use judgement and originality in applying sound financial and accountancy principles to varied situations and in contributing to the development of accounting theory are important.

The post is in London, and appointment will be permanent or for a fixed period or, possibly, on secondment terms. Salary will be within the scale £9,115—£11,465. Promotion prospects. Non-contributory pension scheme.

For further details and an application form (to be returned by 23 July 1976) write to Civil Service Commission, Alencon Link, Basingstoke, Hants, RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours) or *London 01-839 1992* (24-hour answering service). Please quote ref: G/9321/ 1.

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Company Secretary's Department

A leading Merchant Bank in the City wishes to make this new appointment. The successful candidate will deal with the corporate secretarial affairs of a number of companies and could in due course become Assistant Company Secretary of this important and international Group; he will also work on various accounting matters.

Applications are invited from young qualified accountants with some experience since qualifying. Candidates must be able to show a good record of achievement.

Starting salary negotiable around £6,000 with valuable banking benefits in addition.

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There is a need for a chief accountant who, under the company secretary/financial controller, will administer the company's accounting and financial policies. There are 30 people in the department including professionally unqualified but experienced middle management. Hence their requirement for a qualified accountant, probably chartered, in the age bracket 40-50 with broad accounting and some financial experience. The company puts a premium on the motivation of staff; the appreciation of data processing; and the ability to communicate.

Salary £7500. Location North London.

Please write in confidence for a job description and application form to David Prosser, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting MCS/3554.

Financial Director

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Suitable candidates, probably aged 35-45, will hold a recognised accountancy qualification—preferably chartered. They must have had several years' experience at the head of a finance function in a fast-moving trading sector, preferably retailing.

Write in confidence quoting reference 3061/L, to: M. J. H. Coney,

Peat, Marwick, Mitchell & Co., Management Consultants, 11 Ironmonger Lane, London, EC2V 8AX

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Paris

is required for a major Arab bank backed by an international banking consortium located in Paris. His task will be to supervise the processing and documentation of corporate finance activities within a small group. There will be an important element of training and maintenance of standards.

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For more detailed information on this appointment and a personal history form please contact Nigel V. Smith, A.C.A. or Ronald Vaughan, A.C.M.A. quoting ref.: 1593.

Douglas Llambias Associates Ltd., 410 STRAND, LONDON WC2R 0NS. TELEPHONE 01-836 4086. 3 COATES PLACE, EDINBURGH EH3 7AA. TELEPHONE 031-225 7744

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GENERAL APPOINTMENTS ARE CONTINUED TO-DAY ON THE FOLLOWING PAGE

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Ideally, applicants will have had good international banking experience and have gained specific experience in the treasury function in a bank, discount house or in industry. A knowledge of shipping documentation, documentary credits, and commodity finance would be useful. They should be able to demonstrate sound commercial ability and judgement combined with the social skills required at this level. The preferred age range is early thirties and the post is open to men and women. *(Ref: A8247/FT)*

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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AIBD

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R&P

GENERAL APPOINTMENTS

PARLIAMENT

Pride in new model

BY PHILIP RAWSTORNE

Mrs. Shirley Williams proved again in the Commons yesterday that she is one of the best political retailers in the business.

Her new model Price Code, she persuasively claimed, would be an indispensible aid to new investment, higher output and more jobs.

And at the cost of only one per cent. on the retail price index, it would be difficult to devise a better complement to the Government's utility pay scheme.

All sorts of improvements had been made on last year's design, Mrs. Williams declared warmly. "Increased investment relief . . . measures to moderate the disincentive effect, including the abolition of the productivity deduction."

Mr. Denis Healey and Mr. Michael Foot looked on with pride as she lightly touched upon the code's complexities — and it even appeared for a moment as though no-one would dare risk a critical word for fear of seeming ungrateful.

But Mrs. Sally Oppenheim, exchanging scepticisms with Mrs. Margaret Thatcher, firmly pronounced that this Government product — like so many others — fell far short of the urgent needs of business and industry. It came too late to restore confidence or save jobs, she said.

What would be the effect of abolishing the Price Code altogether? she demanded.

Since the Tories had invented the prototype, Mrs. Williams considered their apparent desire to scrap the code now a little harsh, to say the least.

"I do not believe it would be in the interests of industry in this country to see the pay and prices policy disappear," she declared. If she could have drawn the first blue-print, she confessed, the finished article would look rather different from to-day's adaptation.

"This is a reasonable compromise" she suggested disarmingly. It gave more investment relief, a "crude move" towards inflation accounting, and provided continuity of policy.

While the Tories were concerned about what the code had to offer for industry, Labour Left-winger Mr. Eric Heffer looked for some assurance that industry would respond to the relaxation with more investment.

Mrs. Williams gave him "a virtually foolproof" guarantee. The Price Commission's monitoring system, developed into an effective new instrument, would ensure that investment relief was not abused, she said.

Investment leakages into property or overseas would be plugged by reclaiming the reliefs. And where price increases led to excessive profits, then prices would have to be reduced if necessary until the profits had been eroded.

That cheered the Labour benches —with the notable exception of Mr. Norman Atkinson. "You are asking the public to pay increased prices which at the end of the day will create no new jobs," he accused.

Mrs. Williams pointed out that the return on capital last year was only 2 per cent. compared with 10 per cent. in 1965.

Many would question whether that was enough to sustain investment and jobs. The Government's answer was that some improvement was necessary, she said—winning, this time, some admiring cheers from the Opposition.

Ministers relax CTT impact

By Justin Long, Parliamentary Correspondent

THE GOVERNMENT, anxious to conclude the committee stage of the Finance Bill by to-night, yesterday increased the tally of concessions won by the Tories by offering further relaxations to the capital transfer tax provisions.

One of the spurs to progress is the need to have the Bill reprinted, incorporating the many changes made since second reading, in good time before the report stage on the floor of the Commons.

Mr. Joel Barnett, Treasury Chief Secretary, has assured the Opposition that no time will be lost, and it is hoped that what amounts to a re-cast Bill will be available early next week.

One of the concessions offered by the Government last night, in response to Tory arguments, will provide a relaxation of the CTT strictures in Clause 92.

Mr. Peter Rees (C., Dover and Deal), urging the relief, pointed out that the clause narrowed the scope of concessions for accumulation and maintenance trusts. It confines the benefit to one generation or to a period of 25 years from the creation of a settlement.

Mr. Denzil Davies, Minister of State, Treasury, agreed with the Tory argument that the clause as it stood had been too closely drawn in one respect, at any rate. He promised to bring forward an amendment on the report stage to loosen part of the restrictions.

The Minister resisted some other Tory attempts to weaken the tax avoidance provisions in this section of the Bill but accepted that some of the anti-avoidance clauses could cause hardship in certain genuine transactions involving the shares and securities of close companies.

A Government amendment was incorporated to deal with this.

On relief for newspaper trusts, Mr. Davies said the relevant clause in the Bill dealt with the kind of situation covered by the Scott Trust in relation to The Guardian newspaper.

"If other newspapers were to follow the same kind of set-up they may well come within the benefits of Clause 94 of the Bill which gives exemption to newspapers. We are concerned with giving assistance to the newspaper industry."

Passions show as council house sales Bill is narrowly rejected

BY JOHN HUNT

A CONSERVATIVE MP's attempt to introduce a Bill facilitating the sale of council houses to tenants was narrowly defeated in the Commons yesterday by a Labour majority of eight (220—212).

The promoter of the Bill, Mr. Ian Gow (C., Eastbourne) declared: "It provides for a fundamental and irreversible transfer of power and wealth from the State to the people."

But Mr. Frank Allaun (Lab., Salford E.) called on the House to cast the Bill "into oblivion" and denounced it as further evidence of the Conservative Party's "ideological hostility" towards council tenants.

The intense passions which have been aroused by the Conservative campaign for the sale of council houses was reflected in the heated exchanges during the short debate.

Tory shouts of "Rubbish" were countered by Labour cries of support for Mr. Allaun. "Just listen to those fatheads over there" jeered one Labour backbencher.

Mr. Gow pointed out that there were 6m. council houses in Britain. Many of the tenants would prefer to be owners but were prevented by Labour-controlled authorities who refused to sell.

His Bill would allow a council tenant who had occupied his house for two years, the legal right to buy it for two-thirds of its value. For a council tenant with a minimum of ten years' occupancy, there would be the option to buy on a sliding scale with a maximum discount of 50 per cent. for those with 20 years' tenancy or more.

If the tenant wished to re-sell within five years, he would be obliged to offer the house back to the council at the same price at which it was purchased.

Mr. Gow claimed that their would allow people the freedom from the petty bureaucracy associated with council housing and allow them a greater chance to move house to other parts of the country.

It would also give money power to those who would otherwise have no access to wealth and would make cheap accommodation available to families who would otherwise not be able to buy.

Emphasising the high level of public expenditure involved in council housing, he said that a new council house costs £12,000 including land. When the interest on council borrowing was taken into account, this came to £1,670 a year including the maintenance charge.

In return, the council received a rent of about £360 a year. The resulting cost to public funds on each council house was in the region of £1,300 a year.

Mr. Allaun maintained that Labour believed both in owner occupancy and in council housing in preference to private landlords.

The majority of workers were unable to buy their own homes even through building societies. If it were not for council houses, they would be homeless.

The sale of council houses would not add a single new unit to the housing stock. It would mean that there would be fewer houses to re-let to the families on the waiting lists.

He argued that purchasers would only want the best council houses, not the flats in a tower block. As a result, fewer council homes with gardens would be available for families with children.

Another drawback was that the money realised from the sale of council houses would not be enough to cover the higher cost of building new ones.

Liberal bid to lift leadership debate falters at head height

BY PETER HENNESSY, LOBBY CORRESPONDENT

BOTH CANDIDATES for the Liberal leadership complained in a television interview last night that the race to succeed Mr. Jo Grimond had become trivialised by issues of personality.

But, despite their best efforts, much of the confrontation was taken up with such questions as whether Mr. John Pardoe wore a toupee or whether it was true that Mr. David Steel could not make a bang even if he had a firework in his hand.

A low point was reached when Mr. Pardoe said in jest: "I am as bald as an egg under this and I have a wooden leg, false eyelashes and contact lens, and false teeth." He then asked his interviewer, Mr. Robin Day, "What've you got false?"

Eventually the rivals got down to describing the differences in their political approach. Mr. Pardoe said there was no Left-Right division between them.

The task of the new leader was to persuade millions of voters to change the habits of a lifetime and vote Liberal. "I don't think that David looks like the instrument of change," he said.

Mr. Steel replied that excessive enthusiasm might "turn off" voters "because this is sounding awfully like just another politician tub-thumping."

He suggested that the drop in the Liberal vote between the February and October general elections in 1974 was due to the then leader, Mr. Jeremy Thorpe, replacing a reasoned approach with greater flamboyance.

Mr. Pardoe disagreed. Their decline was due to discussing coalition and failing to tell voters how they were going to change the political system.

He would never lead the Liberals into a coalition unless there as "a copper-bottomed guarantee that the next election would be fought on proportional representation."

Mr. Steel agreed with this sentiment and said he had been fairly criticised for not carrying the rest of the party with him in 1974 on his pro-coalition stance.

Both men refused to be drawn on the question of which party they would prefer to coalesce with. Mr. Pardoe said the Liberals had offered an agreement on economic policy to Mr. Edward Heath, Sir Harold Wilson and Mr. James Callaghan.

"And it's been turned down because, of course, they put their rather nasty narrow political viewpoint ahead of the national interest," he added.

Asked about a coalition, Mr. Steel replied: "We would decide that on the merits of the programme on offer, not on the question of whether we like or dislike the Labour Party more than the Conservative Party."

Mr. Pardoe yesterday published a letter from Mr. Grimond and Mr. Thorpe reaffirming their neutrality in the contest.

Tory invited to vote

A TORY MP has been invited to vote in the Liberal leadership contest.

Mr. Neville Trotter, MP for Tynemouth, said the invitation from the City of London and Westminster South Liberal Association was posted to his London flat.

It said: "As a paid-up member you will be entitled to vote. Membership is open to all Liberal supporters for a minimum subscription of £1."

Mr. Trotter commented: "I am very flattered, but I think I will sit this one out."

Tories mount big schools attack

BY JOHN HUNT

THE GOVERNMENT was supporting a doctrine of "educational apartheid" by its plans to force local authorities to adopt systems of comprehensive schooling, Mr. Norman St. John-Stevas, Shadow Educational Secretary alleged in the Commons

"The Government is seeking to establish and unbridgeable gulf between maintained and independent schools," he declared.

He was speaking as the Tories resumed their long war of attrition against the Government's Education Bill which embodies the proposals to extend comprehensive education on a nationawide basis.

Mr. St. John-Stevas emphasised that the Conservative opposition to the Bill was not connected waith the breakdown of normal relations between the Government and the Conservatives over the Aircraft and Shipbuilding Bill.

"We are opposed in principle to the Education Bill, and we shall endeavour as far as we can to attack some of its worst features," he warned.

The Commons is now in the report stage of the legislation and the Conservatives have erected a formidable obstacle to it by putting down more than 200 amendments and new clauses.

The House was expected to sit well into this morning and will resume the debate later to-day.

A new clause which would have set up a Board to which parents could appeal if they were dissatisfied with the school place allocaed to their child was defeated by a Government majority of 34 (258-224).

"It is essential to parents' self respect that they should be regarded as responsible for the education of their children," said Mr. St. John-Stevas.

The Opposition was trying to get away from the Government's "narrow obsession" with imposing comprehensive schools everywhere without regard to parental wishes, local needs and financial considerations.

Mr. Fred Mulley, Education Secretary, was frequently interrupted by Tory MPs when he said that the Conservative proposal was undemocratic. It meant that a totally unrepresentative body would be making decisions about which school a child should attend.

Local authorities had effective machinery for allocating school places and for hearing appeals.

The Tories also moved a new clause to provide that the probationary period of a teacher's service should be considered as complete whether it was carried out in a maintained or non-maintained school. This was defeated by a Government majority of 36 (276-240).

Mr. St. John-Stevas claimed that it would make it easier for newly-qualified teachers to find work. "We are faced with the real possibility that we shall by the autumn, perhaps, have as many as 15,000 teachers trained for their jobs but unable to find work," he said.

The British may have lost their empire because they forgot their Latin irregular verbs, *Mr. John Stokes (C. Halesowen and Stourbridge)* suggested during the Education Bill debate.

Mr. Stokes recalled how he had starter his career as a schoolmaster just before the war. In those days, he said, "the British Empire was run by people who had mastered *their Latin irregular verbs* and who, at cricket, could bowl a good length.

"Perhaps it is because we do not have such good people to-day that we have lost an empire."

McCusker resigns as Ulster coalition whip

BY OUR BELFAST CORRESPONDENT

MR. HAROLD McCUSKER, the Ulster Unionist MP, has announced his resignation as party whip and secretary at Westminster because of a row within the Unionist coalition. He intends to remain in Parliament.

Mr. McCusker, a member of the Official Unionist Party, who would have been involved in controversial talks with the mainly Roman Catholic Social Democratic and Labour Party, said he made the decision in protest against the actions of the Rev. Ian Paisley's Democratic Unionist Party.

Democratic Unionists, who are bitterly opposed to the SDLP talks, intend to challenge the traditional Official Unionist dominance of the Ulster representation at Westminster and have announced that they will put forward a candidate in Mr. McCusker's Armagh constituency at the next election.

Chancell not to contest party po

By Richard Evans, Lob

MR. DENIS HEALE cellor of the Excheq decided not to enter t for the treasurershi Labour Party, which w given him the power lacks inside the Lab ment.

The treasurership f at the party confer autumn following the Mr. James Callaghan, treasurer, to the par ship. Mr. Healey had sidered an almost cert date.

The Chancellor los on the National Exec mittee of the Labou its policy-making body when he was replace Eric Heffer, Left-win Walton and a former Minister. The Tre would have been u back on to the NEC.

But Mr. Healey's have advised him that petition for the post be so fierce that his success in the current climate were growin Mr. Healey's firm stanc expenditure restriction have endeared him to Left wing.

Front runners expected to be Mr Atkinson, MP for Tott a member of the Trib who has contested the ship unsuccessfully a Callaghan six times, a Varley, Secretary fo a moderate Left-wing be regarded as the Es candidate.

Mr. Michael Foot, M Wedgwood Benn and ing Left-wingers ha endorsed Mr. Atkins in a letter sent to tuency parties.

But the contest will by the votes of the b trade unions, a few appeared to support M nomination. The elec Atkinson would swin tical balance on the further to the Left.

Car fuel tests proposa

By Richard Evans, Lobby Correspondent

ALL NEW cars will h details of official fu tion tests under tabled by the Govern Energy Bill yesterda

The Bill originall that details of offici figures should be p all garages or busine cars, but the new proposes the test resu fixed by label to all c

The Energy Bill, n ing Committee, shoul Statute Book later th its provisions should effect by Government year.

Information about sumption from officia tests conducted by turers and importer have to be included books of cars a advertisements.

White Par on bankin

THE GOVERNMENT publish the White banking before the tary summer recess, Davies, Treasury State, told the Comm day.

He stated: "The W will set out the G proposals on the lic supervision of depos stitutions."

The Marketing Scene

Bad year for ads

By Pamela Judge

OTAL SPENDING on advertising in the U.K. last year mounted to £967m., a rise of 7m. on the 1974 figure of 00m. It was the third largest crease recorded in a single ar.

But as Harold Lind puts it in e latest issue of Advertising arterly "when we remember at inflation in 1975 was running at almost 25 per cent. the cture looks rather different. dvertising has fallen as a proortion of GNP to 1.04 per cent., e lowest since 1955." For disay advertising the proportion down to 0.7 per cent., the west since 1953. Figures for anufacturers' consumer advering only go back as far as 68. and at 0.42 per cent. it is comfortably" the lowest corded.

Spending in the Press was 78m. (including production sts) against £649m. in 1974. Of is £162m. went into the tional newspapers, a rise of ly £1m. on 1974. For regional ewspapers the respective figures ere £282m. and £273m. Part of e reason for the poor Press erformance was the decline in assified ads, which fell by 0m. which in turn was entirely due to the fall in ecruitment advertising," down 25 per cent.

TV accounted for £236m. or 6 per cent, up on the previous ear's £203m. Radio showed an ncrease to £1m. from £6m. in 974, posters and transport took 1m. more at £35m., and cinema pending had a similar gain at 7m.

"For the first time since 1969 he Index of Media Rates rose aster than the Retail Price Index —26.5 per cent. against 24.2 per cent. Both Press and TV rate increases were the highest recorded.

JWT+CDP

THERE WAS confirmation this week that J Walter Thompson and Collett Dickenson Pearce have formed separate company to handle the of their advertising clients th a long-term stake in poster advertising. The, as yet unnamed, company has four clients — Haber, which both agencies work for, Whitbread (from CDP and Guinness and Kelloggs. from JWT.

The main directors of the agencies, David Wheeler of JWT and Mike ershon, of CDP, will supervise the company, which will immediately become the largest the specialist poster agencies th a billing approaching £5m There may be more clients. only advertisers with many "countermanded" outdoor sites will be covered. The company will have men in the field long for new sites to add to the 00 already booked, and also ecting existing sites. All other outdoor advertising by JWT CDP clients will be handled direct with contractors by the relevant agency.

● R is yet another company cutting down on its agencies. It has ched its Leak Hi Fi and Nikon cameras accounts, worth together £200,000 from French Gobbott to Saatchi-Compton which already works on Wharfdale Fi.

● The news from FGA is that its former chairman David R has started up his own a based on two FGA nts, Terry's All Gold and ight, plus Rayne shoes. billings would be 00.

How Brooke Bond follows the van

BY ANTONY THORNCROFT, MARKETING EDITOR

IN THE autumn of 1974 Brooke Bond-Oxo embarked on a marketing rationalisation programme which caused more than a few qualms inside the company. It decided to phase out its 800 strong team of tea and coffee van salesmen. This was just about the last of the large national sales forces, visiting retail outlets both large and small to collect orders and deliver the goods direct.

The cost of maintaining such a large force, and the desire to merge the beverage sales side of the company with the meat interests prompted the exercise, and the first stage of the rundown, the ending of deliveries to the independent retailers and the switching of the business to cash and carry depots and wholesalers, went quite smoothly.

The problem came, rather surprisingly, with the large multiple groups, who have such diverse systems for delivering goods to their outlets that variations exist not only between, say, Tesco and Fine Fare, but between various product fields within the same stores. The confusion was confounded even more by the fact that the thinned *down Brooke Bond Oxo* car driving sales team, now 300 strong, often had no idea of the appropriate sales volume of an individual supermarket. A former Oxo salesman might accept an order for 300 cases of tea quite happily from a store manager, while both were ignorant of the fact that the shop traditionally sold 500 cases of tea a week.

The result of the turmoil was that tea sales dropped by around 1¼ per cent. To stem this leakage marketing director David Barnett concentrated the company's sales effort on tea (and now most of the decline has been recouped). But the marketing power put behind tea meant that less important products suffered, most notably Brooke Bond's Brazilian Blend coffee, which by the autumn of 1975 had halved its market share to just 4 per cent. Now the company is pushing coffee again, with encouraging results so far and an even bigger promotional effort planned for August.

Brooke Bond launched Brazilian blend three years ago, and it successfully split the settled duopoly in the £100m. instant coffee business where Nescafé just about held off General Foods' challenge with its Maxwell House brands while the cheaper retailers' "own labels" lines built up a quarter share of sales. Now in terms of brands Brazilian Blend claims to be second, with 10 per cent. of sales, well behind Nescafé with 27 per cent., but ahead of any individual Maxwell House brand (although together Maxwell House granules, powder and Birds' mellow hold around 22 per cent. of the market).

Brazilian Blend has more than doubled its share in eight months by some expensive promotions. Indeed, the entire instant coffee market is a promotional battleground with the main participants marginally increasing their total advertising support to just over £3m. a year while the below-the-line budgets have increased to probably in excess of £4m.

Nestlés, General Foods and Brooke Bond-Oxo have been forced to encourage consumers with money-off coupons, three jars for the price of two, and competitions because of the very substantial price increases of the last few years. Three years ago a four-ounce jar of instant coffee might have cost 32p. It now costs 50p with another large price rise to come soon.

The prospect of a fourth price rise in a year, plus the growing sales of Brazilian Blend, have encouraged Brooke Bond to launch a £750,000 TV advertising campaign, just about its biggest ever, for the brand next month, complete with re-packaging (but continuing the re-fill pack cheap alternative to the jar).

And, as more evidence that Brooke Bond feels on top of the situation again, this month it is re-launching its Bon range of cooking wines, with TV advertising which adds on the name of the local retailer: if they agree to stock the brand.

Sound of soccer

SOCCER may be the most popular sport in the world but it is one that has so far missed out in the U.K. at least on commercial exploitation. That is changing slowly as teams in the minor divisions start to play in strip brandishing brand names, but among the Football League mighty the kiss of commerce has been slight.

But from next season Soccer Sounds hopes to be able to benefit 48 of the top clubs (only Liverpool and Arsenal have refused to play) by paying them for advertising exposure at matches. The idea is that the record programmes which start an hour before each match and entertain the crowds at half-time should be interspersed with commercials.

According to Soccer Sounds over 20m. people watch the 48 clubs at home each season and they tend to be the C1 and C2 men that are hard to reach by other advertising media. Soccer Sounds is negotiating with 12 advertisers in the relevant fields —beer, tobacco, cars, tyres, jeans, etc.—and is confident that they will jump at the chance of exclusive exposure on the grounds.

A thirty-second commercial at every fixture throughout the season at the 48 grounds works out at £34,550, which is quite cheap as a cost per thousand. There are also later opportunities, if the idea is a success, to build on the connection at *launches of new products, etc.*

The club which can offer the biggest crowd gets £9,000 a year from Soccer Sounds; the smallest gains by £750. Most of the clubs will be sent each month a cassette which also includes music as well as commercials, taking care of all its entertainment needs. Soccer Sounds tried out the idea at Chelsea (who need the extra money) last season, and the crowd joined in the commercials rather than drowned them, and it is confident that by August it will be in business.

A.T.

The Cannes Advertising Film Festival

A golden sweep by Britain

BY JOHN SIMMONS

SHOW AN advertising man a recession and he'll respond as if he had won a new client. Thirteen hundred professional persuaders — advertisers, agencies and consultants, media owners, scriptwriters, film producers and directors — from thirty-one nations, all with similar national economic stresses, met in Cannes last week to study how creative strategies and techniques can attack the world-wide threat of depression and lassitude.

Never before in the twenty-three years of advertising film festivals had the mood been so serious, so sensitive. The awareness of a common problem, coupled with the realisation that the convention had attracted an unexpectedly large and keen response, began at once to dissipate gloom and restore confidence.

Dictator

Fortunately the jury included Dennis Auton, of Young and Rubicam, self-styled as something of a creative dictator, but with considerable experience in directing the duties of juries, and their awards to commercials with *ideas that help to improve the* craft of advertising. Were it not for Auton's discipline and objectivity, the jury would be battling on to-day.

Are the Awards meaningful? Are they of any value? The collective answer is yes, as an incentive to creative talent (who need encouragement more than food and drink), as an opportunity for publicity and sales promotion for advertiser, advertising agency and production company, as a forum to display well-sustained, improved, and even new ideas.

As creative development progresses with more circumspection than production technique, it is proper that most of the favoured strategies displayed this year were those established as successful and effective rather than breakthrough, and these attracted their awards for their manifest excellence at ingeniously causing good response, desirability, and even affection—astonishingly so, if one pauses to reflect that the spell has to be cast in just a few seconds.

The toughest product category is Alcoholic Drink, not only because the Advertising Standards Authority and ITCA have to make it almost impossible to say or suggest anything about the most-appreciated beneficial product-qualities but also because, particularly in the beer market, the competition is severe.

Expecting Golds and Silvers a-plenty, the British beer entrants were dismayed to dis*cover that the jury had been* extremely sparing in acknowledging what was considered by the audience to be one of the most inventive segments, with celebrated or at least well-known campaigns like the Kirkwood Company's phonetic "D.D." fun, the worthy "Worthington E" series, the shrewdly cast "thanks" series for Carlings (a certain Gold had the audience voted, as in the Cinema Advertising Awards London festival), some good Scottish and Newcastle scripts (swamped by overblown product values), Whitbread's "big head," and Orson Welles arguing with himself (and with the hissing audience) over sherry, all battling for the honours.

McEwans *bierfest* probably disqualified itself with its quick cut of an aged Hitler, a brilliantly filmed Japanese sake ad committed hari-kari without honour by suggesting that all good samurai top up before the chop, while jury and audience combined to jab a firm thumbs-down to Heinekins £45,000 "Nero" epic now known as "stab a Christian to-night"; doubtful humour, and a copy-claim—"refreshes the parts other beers cannot reach"—that must have been more acceptable to the authorities when it originally and comically referred to policemen's feet.

Guinness and J. Walter Thompson relieved the depression at no-Golds-for-anyone-in-the-alcoholic-segment with not only a Silver Lion for their "Drinking Habits" but also snookered the opposition with the Gold) and much excellently atmospheric but award-unacknowledged beer photography and direction from South African Ashley Lazarus for the Garrett Group who were also responsible for the admirable images of the Martini series.

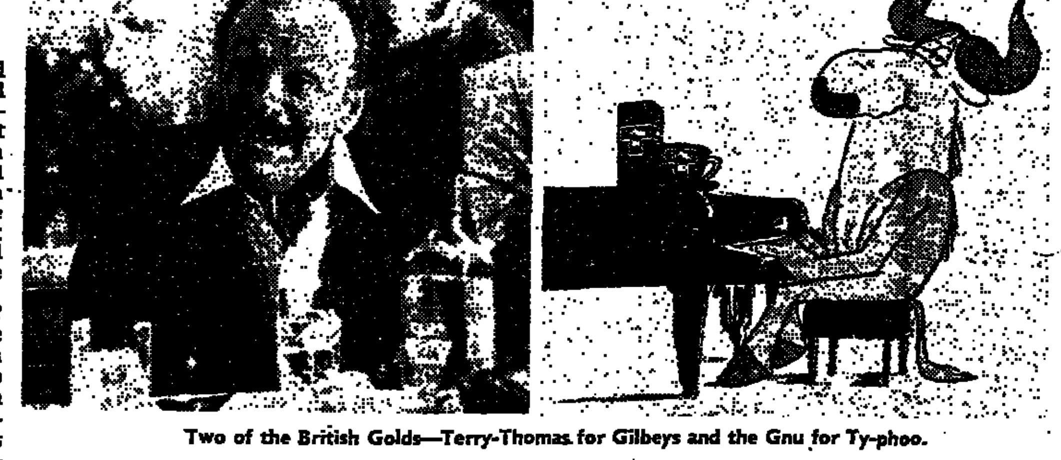
The most popular participant in the booze bonanza was a British cinema commercial for Gilbey's Gin, and the Y and R agency, featuring Terry-Thomas, at a Mediterranean location convenient for the star, wherein T.T. attempts, with an amazing flow of polyglot piffle that manages craftily to contain some neat product copy, to impress a young and beautiful companion. With a climax of "Drink Gilbey's—*for the dolce vita anglaise*" the commercial swiftly earned its Gold Lion—and won as many jury points as the eventual Grand Prix Cinema winner, only to be pipped by a persuasive French juror aided presumably by the toss of a centime.

The fact that the Grand Prix —for 86 seconds of lively visuals of lovely ideas in *Elle* magazine —was directed by a Britisher, the extraordinary and extrovert Ridley Scott—did not wholly compensate for the loss of a double Grand Prix to Britain for both big and small screen selling.

Great Britain nevertheless excelled by winning 11 of the 16 Gold Awards for the world's best television commercials ("world" as reflected by the entries, of course: more American films than 76 would perhaps have diminished the British haul of gold), and three of the six Golds for cinema, including a shrewdly scripted anti-smoking job by Saatchi/Compton for the Health Education Council cleverly updating the simple-minded myth that kisses make babies with a teenager telling another that when she's kissed by her boyfriend "it's like you think you could catch lung cancer just by kissing him!"

The Festival is useful for noting the marketing introduction and packaging of new products. Tic Tac (Ferrero) have followed up their doublemints by launching orange drops—the BMP agency called them "The MMM and the WOW," and a hat-lifting bow-twirling zany ad won a popular British Gold. Switzerland put a Silver Lion on a soiled newly-laid egg by cleansing it with moisturised impregnated lavatory paper. Cadbury's in Australia has amusingly and cleverly employed Monty Python's Eric Idle and his "nudge, nudge, wink, wink, say no more" to launch a new choc bar named Nudge. May they enjoy a silly walk all the way to the bank.

The Cadbury Typhoo Gnu strutted off with Gold thanks to Michael Flanders and Donald Swann, the visualisation by Wyatt Cattaneo cartoons, and the bravado of ad-agency Geers Gross who have collectively whipped up a noticeable campaign out of a thin air.



Two of the British Golds—Terry-Thomas for Gilbeys and the Gnu for Ty-phoo.

Grand Prix Television for "Black Pot" which, as well as immaculate direction and photography from John Perkins and David Griffiths, offered the promise, from the pen of Hugh Harkness, of "a certain pleasure in slowly putting away the black."

A 60-second Japanese TV commercial distinguished itself from the "brewhaha" of American borrowed-interest technique — "there's no better country and there's no better beer"—by allowing us 60 seconds to observe, in a single undisturbed take, the celebrated film director Kurosawa listening to Haydn while sipping Suntory whisky. This is a clean and calm solution — the "suddenly, nothing happens" notion — to overcome inhibitory rules, and it earned the Sun Ad. Co. of Tokyo a Silver Lion.

Creative confidence by Brazilian scripting talent is growing apace, as illumined by two Bronze awards for Drury's Whisky, which astonishes a couple of Scots who refuse to believe its Brazilian origins.

A fine French comedy of the trial of the Suze-aperitif counterfeiter also added some lustre to the cinema beers and spirits section, as did a slight but strained lovers' parting parody for Dry Cane (over-praised with a

Polo's Golds—J. Walter Thompson and Jennie and Company (who also won the best overall production output award)—were popular, and reminded delegates of the great debt commercials owe to their casting directors—perhaps some special recognition by diploma should be arranged, particularly as the use of stars is becoming highly-priced (and therefore lowly-prized) and is subject to misuse as a substitute for a strong advertising idea.

Most of the genuine public service section, apart notably from Kevin Billington's dramatic reminder to listen to the weather forecast before going on a fishing trip, and the "only a fool breaks the two-second rule" keep-your-distance-while-driving warning (directed by John Krish) were not as poignant as former years' scripts and productions. The new fire prevention series gave good advice but lacked grip, and a family planning effort failed to take.

Productionwise, the most significant trend seemed to be the re-emergence (again) of animated cartoon. Gilbert King, director of TV at Y & R, observed that not only could animation provide certain freedoms that live-action could not, it was or should be considerably cheaper, and that means for any necessary retakes, too. Tony Cattaneo, responsible for cartoon Golds in successive years, confirmed that he was busier than ever, partly because agencies believed cartoon has more immediate impact.

Jim Shaw, Director of Sales, Thames Television, predicted some future special participation by the media-owner television companies—a move to try to do so next year at Cannes is under way, complementarily to the International Advertising Exhibition in Paris in May.

James Garrett commented that some excellent work originated on videotape was conspicuously absent and that perhaps this will be remedied in the near future. The festival improves constantly and the time approaches when film will probably not have it all its own way.

It was not entirely Britain's year: France won a cinema Gold (for a British Leyland ad), and Silvers for a true-to-life hurly-burly melodrama for Sauter kitchen equipment (directed by Ridley Scott), Kleber tyres (directed by Londoner Hugh Hudson), elephants jumping on suitcases (directed by American Lee Lacy), and a comical commercial for underpants that didn't fall down (directed by a Frenchman).

Cartoon

The Masius agency in Germany competed with the Masius agency in England in a fascinating contest of live-action versus cartoon for Frolic, a new dog-food; both are succeeding well in test-market; one of the German ads won the day with a delightful doggy following different shoppers in turn each with a different variety of Frolic.

Denmark belched its way to a cinema Gold for an antacid powder — one of the few commercials seen and, hopefully, disapproved by the Head of ITCA Copy Control, the patient and prudent John Jackson, the palest man at the festival, through his constant attendance at the viewing sessions.

The other "mal du festival" is known as "flicker syndrome," suffered principally by the jurors, including Mike Isaacson, president of the Advertising Creative Circle in London, and Bruce Standerman, *eminence grise* American — both, however, would gladly tackle the task again. "It's informative, far-reaching, and ultimately stimulating."

JOHN SIMMONS is the creative director of a leading creative advertising consultancy.

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THURSDAY, JULY 1, 1976

A small step forwards

INDUSTRY HAS perhaps more reason to be pleased about the change that has taken place in the Government's general thinking about profits than about its practical proposals for improving them. Yesterday's White Paper on the second stage of the fight against inflation contains a number of statements which the left wing of the Labour Party will not relish (that we must adopt "a new realism" in our approach to public expenditure, for example, and accept that "for some time" living standards cannot increase in the way to which we were accustomed before 1973) and a section on profits that might have been written by the CBI itself. This points out that the real average rate of return on capital fell from over 10 per cent. in the sixties to only 2.2 per cent. in 1974, so contributing towards a slump in new investment and a loss of jobs, and states that the downward trend in profitability must be reversed.

In that case, one might have supposed, it would be sensible to abolish the Price Code altogether, especially since most companies are so far below their reference levels and home demand is so moderate that no modification of the Code is likely to have much effect for some months to come. But the Government feels that voluntary pay restraint, such as it has now achieved for a second year in principle, is impossible without control of prices. Indeed, one sentence in yesterday's consultative document suggests that the Code may not be scrapped even at the end of the second stage.

Sandilands

The modifications of the Code suggested in the consultative document go some way towards meeting the various points raised by the CBI and the Retail Consortium. The most important concession, perhaps, is the rough-and-ready allowance that is to be made for inflation accounting in respect of depreciation on fixed capital and stock appreciation. But investment relief is also to be raised from 20 to 35 per cent. and extended to the building of new shops; the productivity deduction is to be abolished; arrangements are to be made that will leave firms with part of the benefit of the lower unit costs that come from rising production, whether for the home market or for export.

There is to be more flexibility in the setting of reference levels: exemption limits will be raised: and the safeguard provisions are to be improved. At the same time, a number of special provisions are to be introduced to deal with particular unfortunate side-effects of the controls. Interest payments and receipts are to be ignored in future—reference levels will be correspondingly adjusted—to discourage firms from raising fixed-interest instead of equity capital. The Secretary of State will have power to modify the Code for particular firms if a merger that would be in the national interest is held up because of it. And, if absence of action can be counted as a positive advantage, there is to be no change in the present rules about dividend restraint.

Investment

The White Paper contains an estimate that by the middle of next year the proposed changes in the Price Code will have added about 1 per cent. to the retail prices index. Certainly an increase of 1 per cent. was the basis on which the negotiations with the CBI were theoretically grounded: but what the actual effect of these changes will be, on prices, or on profits, or on the share of profits in the national income is a matter for blind guesswork rather than estimation. The one thing that seems clear is that no likely increase in profits over the next 12 months—though the recovery should be sharp in the first stage of a business upturn — will take profitability more than a small part of the way back to the real level of 10 per cent. mentioned in the White Paper. The Government must continue to press in the same direction if it is at last convinced that "in order to create the conditions for future improvements in living standards and public services, productive investment has to take priority over any increase in other public or private spending for the next few years."

Arabs divided on the Lebanon

THERE COULD be no more disturbing—or important—example of the Arab States' inability to agree or combine effectively than the failure of their attempt at joint peacekeeping in the Lebanon. The convening of another Arab League foreign ministers' meeting in Cairo yesterday in itself was a recognition that the initiative launched three weeks ago has been futile. Only two contingents of the multi-national force have taken up positions in the country. Militarily, they would have been powerless to prevent the serious escalation resulting from the Christians' sustained assault on the two isolated Palestinian refugee camps in their enclave. Politically, their position has been even more invidious.

The main factor

One half of the 1,000-man force is Libyan and unacceptable to the Maronite militants who, justifiably, see Colonel Khedaffi's Government as biased towards the Lebanese Left and the Palestinians. The latter, in turn, can hardly be expected to trust the other half of the force made up of troops from Syria whose army has been in open confrontation with them. Even if Damascus had been willing to permit their entry into Lebanon, other contingents have not been prepared to join the force without the approval of both the warring parties. Lebanon is, indeed, "back to square one," as a leading member of Al Fatah put it on Tuesday. Syria, which only accepted the Arab League proposal for a joint peace-keeping force with reluctance and ambivalence, is still the main determining factor in the equation.

Arab divisions are such that it was difficult, anyway, to see the different member States mounting a joint intervention at all, let alone a successful one. In its own way Lebanon has been as much the brutal battlefield of competing ideologies as was Spain during its bloody civil war. Syria at the beginning of the year looked like the only plausible mediator. Its special interest in neighbouring Lebanon and its historic links with it cannot be denied. Moreover, while it has undeniable radical origins and credentials, the Syrian regime has shown itself increasingly realistic. However, despite its essentially moderate aims, it has been unable to separate the two sides by consent and under pressure of circumstances has sided openly in the fighting with the Christian extremists who now see the Syrian Army as their ally and saviour.

The original guidelines of Syrian policy towards Lebanon now look as though they have become distorted. The aim was on the one hand to prevent partition by the Maronites or complete suppression of the Palestinian guerillas, and on the other the emergence of a Left-wing State beyond the control of Damascus which might lead it into confrontation with Israel at a time not of Syria's choosing. The second objective is still very clear, but the first seems badly out of focus.

Restricted choice

Syria now faces an extremely difficult series of restricted choices, none of which seem likely to bring an early restoration of stability to the area, let alone peace. Having papered over the dispute with Egypt about the disengagement in the Sinai, the Damascus régime may press on with its national intervention in the Lebanon, with the obvious risks of de facto partition and of perpetuating a running battle with the Palestinians and the Moslem Left. Failure to find any durable solution along this road could force President Assad to seek genuine assistance from other Arab countries, which could only play into the hands of the Palestinians and the Moslems. After so much suffering and destruction, it is difficult to see the two Lebanese communities agreeing on a moderate political solution. For the region as a whole, and for the rest of the world, their continuing civil war could still have very serious repercussions.

Samuel Brittan discusses some deterrents to new investment

Now for living with inflation

THE WEEK of the publication of yet another Prices and Incomes White Paper, and another Price Code document, is a good one in which to examine the problems of living with a permanently high rate of inflation. It was much easier to take the froth out of last year's inflation which appeared, somewhat misleadingly, to be running at 25 per cent. to 30 per cent. than it will be to descend much further down from the present underlying level of 13 per cent. to 14 per cent.

The chance of a quick anti-inflationary kill was lost a year ago when the Government decided on a phased incomes policy. A gradualist strategy for stopping inflation is not feasible with inflation at present levels: and anyone who can see inflation rates continuing to come down in 1977-78 as we go into the next economic upturn, with unrealistic growth and employment targets intended to please the TUC, is indeed an optimist.

The chart shows that the main industrial countries of the world are going into the next boom with an inflation rate of 9 per cent., twice as high as the one with which they went into the last boom and three times as high as the 1958-69 average. The U.K. has long had a higher inflation rate than her partners: but ever since our economic affairs have been run in succession by Mr. Edward Heath and Mr. Denis Healey "wider still and wider" has the gap been growing—*with no countervailing benefit to employment.*

so; for an increase rather than a decrease in interest rates may well be required to prevent a monetary explosion in the next boom, on any remotely feasible view of fiscal policy. Anyone who can borrow at the Clearing Bank Base Rate of 10½ per cent. and expects the rate of inflation to be 11 per cent. should, in principle, find it profitable to borrow merely to hold physical stocks. After allowing for tax relief on interest payments, it should pay to do so even on decidedly lower inflationary expectations.

What is the real problem? Some of the most important difficulties are brought out by the large table on this page which is taken from an article by Mr. John Flemming in the June *Bank of England Bulletin.* It is based on a 20-year bond with a 15 per cent. coupon used to finance a project which yields

EFFECT OF VARYING INFLATION ON A 20-YEAR PROJECT

£ at current prices in normal type
£ at year 0 prices in italics

	Inflation at 20% per annum			Inflation at 5% per annum		
	Year 5	Year 10	Year 20	Year 5	Year 10	Year 20
1 Price level (1 in year 0)	2.49	6.19	38.34	1.61	2.06	3.35
2 Bond's market value	100	100	100	139	132	100
3 Bond's real value*	*40.2*	*16.2*	*2.6*	*86.3*	*64.1*	*29.9*
4 Real return	*5*	*5*	*5*	*5*	*5*	*5*
5 Nominal return**	12.5	31.0	191.7	8.1	10.3	16.8
6 Nominal interest payment	15	15	15	15	15	15
7 Nominal cash flow***	−2.5	−16.0	+176.7	−6.9	−4.7	+1.8
8 Real cash flow****	*−1.0*	*−2.6*	*−4.6*	*−4.3*	*−2.3*	*+0.5*

* = figure in line 2 divided by line 1
** = figure in line 4 multiplied by line 1
*** = figure in line 5 minus line 6
**** = figure in line 7 divided by line 1
Source: Bank of England.

£5 per annum in the first year, but which grows with inflation. *The left-hand side of the table* assumes a 20 per cent. inflation rate and market interest rates of 15 per cent., that is, a real rate of interest of *minus* 5 per cent. The right-hand side assumes that the rate of inflation averages 10 per cent. for the first five years and then falls to 5 per cent., while nominal interest rates fall to 10 per cent. by the fifth year.

A number of firms fail to allow for the effect of inflation on money returns, and do not allow for the build-up of the nominal return, shown in line (5) from £5 to over £190 in the more inflationary case and £16.8 on the less inflationary assumption. A study published by the Institute of Chartered Accountants* suggests that a good many firms use a money target rate of return in conjunction *with cash flows projected* at unchanging present day prices. Such firms would then not spot the cash flow rise shown in the table and say that interest rates were prohibitively expensive.

Nevertheless firms often have good reasons for not doing what Governments or commentators say they should do, even though they differ in their ability to advance a plausible rationalisation for their behaviour.

Where then are the difficulties? First there is what we would label the "home mortgage problem." As interest payments are constant in money terms, the time profile is heavily distorted *in real terms, with the greatest* burden in the early years. To put it another way, most of what appears to the accountant as interest is in fact repayment during an inflationary period; and the effective life of the long term bond is shortened.

The practical result can be seen in the last two lines of the table. By the 20th year, nominal cash flow in that year alone is more than sufficient to redeem the bond in the 20 per cent. inflation case. But in the earlier years, there are considerable liquidity problems. Cash flow is initially negative (whether measured in real or nominal terms) and does not become positive until the seventh year.

What is clearly needed, as in the case of the Building Society mortgage, is a way of bunching the money payments towards the end of the repayment period in order to achieve an even flow of real payments.

The second type of problem is that an unexpected fall in the rate of inflation could have catastrophic effects on a concern heavily committed to long-term fixed interest borrowing. The right-hand side of the table, which assumes a fall to 5 per *cent. in the inflation rate, shows* that cash flow remains negative until the 18th year: and then there is interest on the accumulated deficit to pay. Thus as Mr. Flemming remarks: "The *possibility* of a *significant* fall in the rate of inflation will raise the subjective real cost of long-term fixed-interest debt far above the difference between current nominal rates of interest and high current rates of inflation."

Both the "mortgage problem" and the problem of unexpected changes in the inflation rate, *might still be with us if* prices were rising at only 5 per cent., so long as the inflation rate was expected to fluctuate and people had no great confidence in their ability to predict its course.

Indexed loans could achieve a smoother flow of real payments. They would tackle the "home mortgage problem" and at the same time also protect borrowers and lenders from unexpected changes in the inflation rate. *The most suitable type of* indexed loan is that in which interest payments are kept constant in real purchasing power and in which the repayment of the principal is also adjusted for inflation. (These are called Type I loans in the chapter on indexation contributed by Mr. Peter Lilley and myself to a recent symposium**).

There are all kinds of practical and institutional difficulties in the way of indexed bonds, *including Articles* of Association setting nominal limits to corporate indebtedness. The two big obstacles are official disapproval and tax deterrents. In a society which has none of the American *beliefs of government of laws* rather than of men, knowledge that an indexed loan would be frowned upon by the authorities prevents them being made.

Better guide to the future

The danger of all the current misleading talk of counter-inflation is that the problems of living with inflation are neglected. It is scarcely conceivable that the U.K. inflation rate should average less over the next decade than the rate of nearly 6 per cent. which it has averaged in the whole period *since 1938. The 10 per cent.* average realised since 1967 is a better guide to the future: and a case can be made for expecting rates a good deal higher still. With 6 per cent. inflation, all money sums lose half their value in 12 years. With 10 per cent. inflation they do so in less than eight years, and with 20 per cent., in less than four years. Those who have been saying that indexation is no longer fashionable are going to have a long hard think ahead of them.

The particular way in which refusing to live with inflation is doing us harm is the difficulty that the business community is having in coming to terms with current nominal interest rates. It is important that it should do

Ratio of bank advances

But even if a concern were to take this risk, the tax barrier remains formidable. For the whole of the difference in *money terms between* the principal and the repayment at the end of the loan would have to be provided out of taxed profits.

In practice companies have been resorting increasingly to loans financed at variable short term interest rates. Large concerns have been able to negotiate medium-term formal floating rate loans. But most companies have simply done more of their borrowing by rolling over short-term bank finance. The ratio of bank advances to total borrowing of industrial and commercial companies rose from slightly above 30 per cent. in 1960 to nearly 70 per cent. at the end of 1975, with most *of the rise (taking place since* 1970. This is a most imperfect substitute for indexed loans. For as Mr. Flemming remarks, "because the availability and cost of this future borrowing are uncertain, this has almost certainly deterred investment."

Inadequate arrangements for living with an uncertain rate of inflation are not the only forces depressing investment. Borrowed funds constitute in the aggregate about 30 per cent. of capital employed. The Bank of England article contains estimates of the real post-tax cost of capital ("a comprehen*sive earnings yield*").

The incentive to investment can be examined by looking at relative profitability—the ratio of the rate of return to the cost of capital. It so happens that this ratio is identical (on the definitions of the Bank of England article) to the ratio of the financial valuation to replacement cost of corporate capital, *in which form it is known as the* valuation ratio.

Relative profitability—or the valuation ratio—has been on a downward trend and stood at less than 0.5 in 1975, which was itself a recovery from a low of *below 0.3 in 1974. There are* very strong tendencies for this ratio to return to unity, whether it is above or below it. For as Keynes once put it: "There is no sense in building up a new enterprise at a cost *greater than that at which a* similar existing enterprise can be purchased."

The forces pushing the valuation ratio towards unity in a free economy are fairly obvious. If investment falls capital becomes scarcer than it would otherwise be and its financial valuation tends to rise relative to replacement cost. A low valuation ratio over the average of a trade cycle would indicate a capital saturated society in which additional investment did not yield sufficient returns to justify its cost. This conclusion may fly in the face of all the exhortation about capital investment at international ec summits. But it does no[t] it wrong.

The conclusion is never doubtful for a country as the U.K. where profit has been artificially held by price control (and the of profits reduced by di control) and where the numerous official obstac paying market rates of the skilled men and ma *required to run* ente efficiently.

Fear deter business

It remains to be seen h the proposed Price Code tions will be effective in *ing expectations of a n* return on capital. Price co may impair investment an ployment; or they may effective in influencing

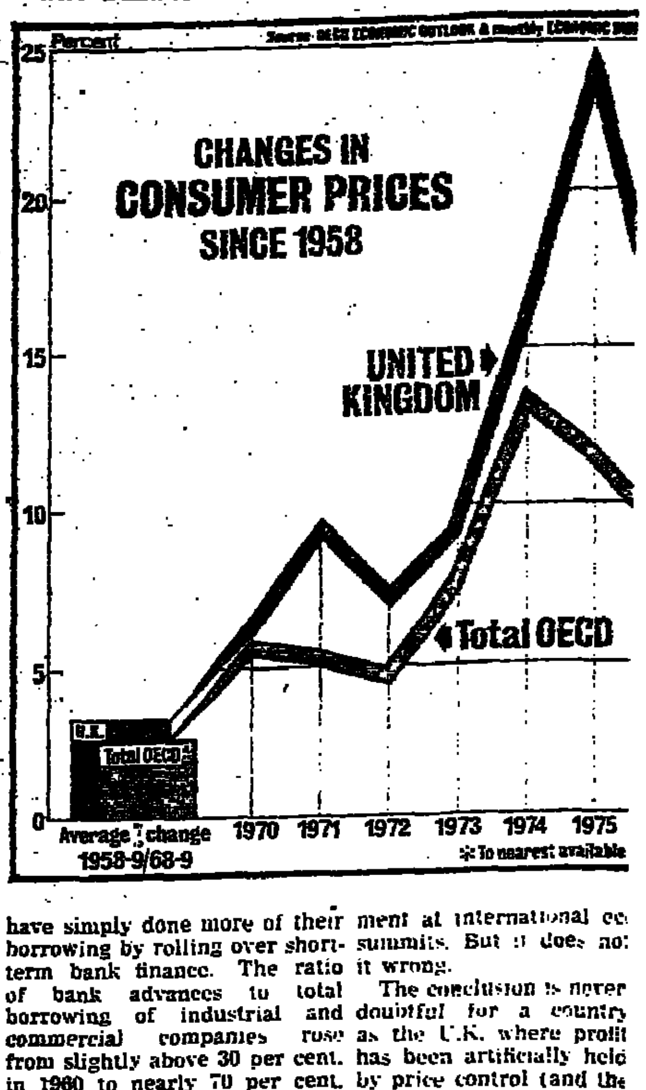
AVERAGE ANUAL PRI INCIASE % at comund rate	
1938-45	5
1945-52	5
1952-67	3
1967-76	10
1938-76	5

Sources: Retail Pricindex or equivalents. Econo Trade, L

and profit marg. They even have both of disa tages, if the relief such trols, which are threatened loosened at Government deters business. In the event they have le effe actual margins in the ne laxation phase. But one we can be sure. It impo *both* to remove the abun political pressures *and* at the same t us Price Code "to keep low cost of living" as e Paper unwisely pro[po]ses.

The general mor[al] considering the refus[al] or the Government bl[owing] hot and cold with pric[es] is that inflation may thing, but an attempt press its symptoms worse than trying to the disease.

*Business Decisions under [illegible] Brian Carsberg and Anthony H[illegible]
**Inflation: A Management [illegible] Survival (Ed. C. T. [illegible]) Business Programmes [illegible]



MEN AND MATTERS

Gloria v. Clive: match postponed

Gloria Lazenby and Clive Jenkins's Association of Scientific, Technical and Managerial Staff are definitely not on speaking terms.

Relations between the two parties went from very bad to much worse yesterday when they prepared to join battle before an industrial tribunal in London to argue out Mrs. Lazenby's claim that she was unfairly sacked by the union in February after almost seven years' employment, most recently as a committee clerk.

All was going well, if not altogether amicably, when the chairman of the tribunal, P. W. Haydon, a solicitor, having perused the outline of the case announced a certain difficulty. He too was a member of ASTMS.

Jenkins' expansionist ambitions (which have been known to extend even unto clergymen) had not to the best of anyone at the tribunal's knowledge extended into the legal profession, but Haydon quickly resolved the mystery. He is a member (in fact president-elect) of the United Commercial Travellers' Association, which formally joins the ASTMS fold in just two weeks.

Hasty consultations followed between Mrs. Lazenby and the representative of the union to which she belongs, Association of Professional, Executive Clerical and Computer Staff, and they were quickly unanimous that Haydon was not an acceptable arbiter in the case. (Although employed by ASTMS, Mrs. Lazenby has always been a member of the rival APEX—which in fact is representing her in the case.)

At that stage it was impossible to switch a chairman from another tribunal to the Lazenby hearing, so it was adjourned until mid-September, leaving Mrs. Lazenby highly aggrieved and still thoroughly unemployed.

". . . and the booby prize is the post of Personnel Manager."

Even less delighted, I imagine, will be Clive Jenkins himself. He, being in Germany with the Bullock Committee, which is looking at German systems of industrial democracy, was not going to appear before the tribunal. Now Mrs. Lazenby and APEX plan to subpoena him to appear in September.

I give in

I have tried strenuously to avoid the subject of the U.S. Bicentennial celebrations, if only because some of the so-called related subjects are way out. However as July 4 approaches I find it impossible to maintain my resolve.

As an excuse let me say that the City Arts Trust has decided to take the subject into their Festival of the City of London which actually starts on Independence Day. (And don't underestimate a body which can persuade William Davis, editor of Punch, to act as unofficial PR man for their Press conference.)

Artistic director of the trust is Ian Hunter, an impresario who this year cajoled a lot of U.S. companies to contribute money for the festival partly on the grounds that, as part of the opening event, a famous actor would read the Declaration of Independence.

Only later did he discover that after the first few impressive paragraphs the Declaration deteriorates into something of a harangue on George III: not quite the thing for the City. Therefore Douglas Fairbanks Jr. will read an edited version of the Declaration from the steps of St. Paul's Cathedral on Sunday night and, diplomatically, will follow it with the first recorded conversation between King George and the first U.S. ambassador appointed to the Court of St. James's. (That confrontation could best be described as "placatory," so everyone should be happy.)

Lucky them?

Future archaelogists unearthing relics of 20th century civilisation should have a relatively easy time of it thanks to the latest bicentennial craze sweeping America. As part of the 200th birthday celebrations, people across the country are now busy burying special time capsules.

The idea is to inter, in some form of safe container, nuggets of present-day American life which future generations can ponder with awe. Most of the capsules are designed to be dug up in 100 years, to coincide with the tricentennial, but some are going down for a mere 50 years while others are being optimistically held for the year 6776.

One typical capsule has been masterminded by a Nebraska retailer. Having already buried a year ago a brand-new Chevrolet Vega, he is this year adding a new (U.S. built) Kawasaki motor-cycle. This particular tomb also boasts such other wonders of our age as a Teflon frying pan, a pair of bikini pants, polyester zippers, telephone books and a man's aqua-marine leisure suit.

Although this vault consists of yards of concrete and tons of steel reinforcing, the official U.S. bicentennial committee doubts whether it will preserve half as well as the Egyptian pyramids. Suggesting that time will have its way on all modern plastics, steel and leather goods, they advise one to leave out paper, camera films and cars.

But there are grounds for arguing that the current time capsule madness is not new to the U.S. Last month New York State officials opened up a 100-year-old capsule containing coins, stamps, revolutionary war memorabilia and a straw hat—a relic of a long-defunct local industry.

Next week, on July 4 (predictably), the President will formally open the centennial safe now on display in the capital. It was filled by a Civil War widow. At the same time, just to give legal force, a New York State municipality has passed a local law banning opening of the time capsule buried during the 1939 World's Fair until the year 6939 (5,000 years on). That should tell our descendants about the League of Nations, the wonder of radio and aeroplanes. Just to bring it up to date, a new capsule has been added telling of television, the hydrogen bomb, World War 2 and the United Nations.

Yeth please?

Message from my secretary yesterday morning. "Mr. ...... rang and said he worked for an Ethics-based company." She's the only girl I know who types with a phonetic lisp.

Observer

The proposed revision of the Price Code will give industry only part of what it hoped for. **Elinor Goodman** reports

Half a loaf is better than no bread

AFTER THREE months of arduous, and at times seemingly fruitless negotiations over the changes to be made to the Price Code next month, the Confederation of British Industry has got just about what it expected, but less than half what it wanted. What it has got, however, will allow a considerable increase of corporate profitability—possibly more than 10 per cent. across the board—and introduce an element of inflation accounting to the Code for the first time since its inception in 1973.

The package, published yesterday in the form of a consultative document, will therefore be of considerable immediate benefit to that minority of companies for which present profit controls represent a real restraint. For the majority of companies, however, the main benefits will not really begin to emerge until demand recovers.

On the face of it, yesterday's document might seem to represent a major failure for the CBI. Though Mrs. Shirley Williams, Secretary for Prices, has carefully honoured all the promises made by the Prime Minister in his speech to the Confederation in May, she has hardly answered any of industry's demands in full. Moreover, she has failed to take any action at all in two of the three areas which the CBI regarded as most important: there is no relief for increases in working capital requirements; nor any provision to allow companies to retain any of the benefits of a more efficient use of labour.

Instead, she has tried to go some way towards offsetting the effects of inflation on both stocks and assets under the Code and to reward companies for a more efficient use of fixed overheads. She is also proposing to increase the proportion of investment expenditure which may be passed on in higher prices and reflected in profit margins. In a welcome gesture towards the retail trade, she has added shop premises to the list of items qualifying for such relief.

As if by way of compensation for her refusal to agree to some of the CBI's main demands, the Government has also included a number of other changes which, though requested by industry, were not generally those which the CBI had set much store by. The productivity deduction, which means that companies are prevented from passing on more than 20 per cent. of any increased labour costs in prices, is to be abolished, while companies are also to be given the option of using a later base date for calculating their reference levels than at present.

Discretionary

Some companies will no longer have to notify price increases to the Commission, while a new discretionary power is to be introduced enabling the Secretary of State to authorise modifications to the Code in merger situations where otherwise desirable takeovers might be prevented from going ahead because of resulting restrictions on profit margins.

The total package is expected to add about 1 per cent. to the Retail Prices Index over the next 12 months. In terms of cash that means that corporate profits should increase by around £900m. The potential is much more, but the Government has in its calculations, a fairly static rate of demand in the second half of this year and a small increase in the first half of 1977. The Government view appears to be that this will result in an increase of the average return on capital in the private sector from around 2.2 per cent. to nearer 3 per cent. next year.

The bulk of the relief will come in three areas: investment relief; the provision for some element of inflation accounting; and the formula allowing companies to retain half the benefits of more efficient use of their overheads.

The investment relief was always the most likely candidate for change, since it met the unions' wish that the Code should be changed in such a way as to have a direct effect on investment and employment. The increase in the proportion of investment expenditure which may be passed on in prices from 20 per cent. to 35 per cent. is a long way short of the 100 per cent. relief which the CBI was proposing. But the document does at least make clear that if any form of margin control is to be continued after the present Code expires in July 1977, the relief will be extended.

In theory increased investment relief will give companies considerable scope to raise their prices but, as past experience has shown, only a minority of companies will take up this opportunity. It was expected that the existing investment relief scheme would bring in about £3bn. of qualifying investment. In the event only £2bn. worth of investment came forward and the actual relief made available in the first year was only £380m.

For retailers, the addition of shop premises to the list of qualifying expenditure represents a major victory. The Retail Consortium estimated last week that even if the 20 per cent. figure had not been changed, the inclusion of shop premises would double the value of the relief to retailers.

In an apparent attempt to quell union fears that the addition of shop premises could lead to property speculation, the consultative document makes it clear that not only will offices be excluded from the arrangements, but also shops built by outside developers.

From the CBI's point of view, the main deficiency of the new investment reliefs is the absence of any provision to deal with increased working capital requirements. The CBI has argued that if companies are to gear themselves up for a revival in demand they must have relief not just on extra money needed to finance additional raw materials, but for other increased demands, like credit granted to customers.

The CBI accompanied this demand by also asking for relief from the effect of inflation on stocks, but the Department of Prices took the view that to change the Code in both these areas would not only be too expensive in terms of the value of the total relief given, but also difficult to administer, given the problems of defining working capital.

Equally important, the Department appears to have been looking for some way of helping retailers without restoring the 10 per cent. cut of gross margin reference levels made in 1974—a move which was presumably judged to be politically impossible. And, for retailers whose stock is partly financed by manufacturers, stock appreciation relief was much more valuable.

At the same time it is proposed to change the Code so as to allow manufacturers to base their applications for price rises on the latest contracted price, rather than historic costs. Had this system of calculating raw material costs been introduced together with a provision for full relief on stocks for margin purposes, the CBI might have acquiesced. But companies will only be allowed to deduct 70 per cent. of the increase in stock values from the profit figures they give to the Price Commission.

Jerry Kirk

Mrs. Shirley Williams, Prices Secretary, announcing the proposals yesterday.

Stock values

Under the Chancellor's stock relief scheme, companies are allowed relief on all but 15 per cent. of their stock profits. From industry's point of view, the 30 per cent. deduction, which is supposed to stop companies getting relief from increases in their stock values resulting from higher sales rather than inflation, is likely to be the main flaw in this particular aspect of the Price Code.

The other problem with the stock relief scheme is that it has been introduced too late. Like the abolition of the productivity deduction, it would obviously have been of more value—and by the same token more inflationary from the Government's point of view—when inflation was running ahead at 30 per cent. rather than to-day with an inflation rate of nearer 15 per cent.

The same is true to a certain extent of the measures to deal with the impact of inflation on depreciation. Until now companies have been able to include depreciation, based on historic costs, on the list of factors justifying a price rise. Now they will be able to increase that amount by a factor of 1.3.

As with the question of stock appreciation, the Department of Prices has taken the view that it cannot pioneer the changes proposed by the Sandilands Committee on inflation accounting. Instead it has moved part of the way towards replacement costs on assets by using a crude inflation factor—a figure which the CBI will probably point out is far below the current rate of increase for capital equipment.

Probably the gravest omission from the document from the CBI's point of view is the failure to allow companies to retain any of the benefits of a more efficient use of labour. The Government has taken only one part of the CBI's proposal to deal with the question of rewarding companies for increased sales and modified it in a way that the CBI regard as totally unsatisfactory.

The Government apparently felt that it would be unfair to allow companies to benefit from productivity gains at a time when workers were prevented from doing so under the recently agreed pay deal.

So all it is allowing companies to retain is half of any savings in the cost of fixed overheads arising from higher sales. For calculations involving changes in overhead costs, half of any future growth of output will be disregarded. Similar calculations will also be made in relation to sales gains in export markets, while companies will also be able to retain in full any savings resulting from more economic use of fuel. As fixed costs on average only account for around 20 per cent. of total costs, it can be seen that after all the CBI's efforts to get efficiency rewarded, not much is being done in this line.

Profitability

Mrs. Williams' stated objective has been to increase corporate profitability in the private sector so as to remove the need for the safety-net provisions. For this reason she has not seen fit significantly to improve the existing safety nets.

Industry may well argue that Mrs. Williams is wrong, but as it is, market conditions prevent many companies taking advantage of the escape hatches which the Code gives them.

The Price Commission's last quarterly report showed that Britain's biggest companies were on average trading at only 58 per cent. of their permitted profit ceilings. The main reason was not the Price Code but competition. And the same is likely to be true for the rest of this year for many companies. But when demand picks up, the changes proposed yesterday will certainly help industry. But, as the CBI points out, the 10 per cent. increase of profitability which may result from the changes has to be seen in the light of the fall in real profits since 1968. A point also made by Mrs. Williams in the House yesterday in response to criticism from the Left.

Letters to the Editor

Dangers of a closed mind

From Mr. D McLeish.

Sir,—You report (June 29) that Mr. Eric Heffer, MP, has attacked a public relations campaign by Bristol Channel Ship Repairers against nationalisation of their company as "scandalous." You quote Mr. Heffer as stating in the House of Commons that enormous sums of money had been spent "to divert MPs away from their basic political involvement."

The clear implication of Mr. Heffer's remarks is that there is something improper about an organisation taking steps to make its views known to MPs when it sees its interests threatened.

I know nothing about the details of Bristol Channel Ship Repairers' efforts to explain its case, apart from what has appeared in the Press. But it needs to be stated that there is nothing improper whatsoever in any individual or organisation representing their views to Members of Parliament. On the contrary, it is freedom of expression.

If it is spending money to which Mr. Heffer objects, one can only suggest that he be a little more realistic. Of course it takes money to put a case to 635 MPs. In addition to the mechanics of printing and postage, it is perfectly proper to ensure that the case is put as effectively as possible.

As for subverting MPs, how does Mr. Heffer suggest that this is done? Members of Parliament who receive facts and views have absolute freedom of thought and action. They do not have to accept the facts with which they are presented. They can disagree with the opinions. They do not even have to read the material that arrives on their desks, though one hopes that most will do so on any significant issue.

Mr. Heffer's comments come very near to suggesting that MPs have—or, worse, should have—closed minds. I hope that is not what he means. I prefer to [illegible] that for the great majority of MPs it is simply not true.

[illegible] McLeish.
McLeish Associates,
Tudor House,
[illegible]4 Tudor Street, E.C.4

Fruitful and creative

From The Head of Department of Mathematics and Computing, Wolverhampton Polytechnic

Sir,—I am pleased to be able to support Michael Dixon's plea (June 19) for the retention of the sandwich principle. My colleagues and I are fully convinced of the value of this type of course and are continuing to develop and refine the principle. We find there is no basic conflict between ourselves and industry/commerce and are able to match their aims with our academic ones. Quite clearly they do not always coincide, but they normally form a most natural complement.

We have experienced a fruitful and creative partnership with both the wealth-creating industries and the public sector. Our partners in this co-operative venture come under severe economic pressure from time to time and find it very difficult to provide enough placements but we have always found them appreciative and sympathetic. We hope that the Government, through its training agencies, will in future support industry's efforts in this valuable enterprise. This link between academic establishments and the commercial world is valuable and, even though we would be the first to admit that it is not fully exploited, we are sure that the benefits are worth the effort.

There is very little research into this area and much of the data collated is old. Perhaps attitudes of students and employers have changed. Principles and practices of the sandwich period have changed. In the 12 years since our first honours degrees in computing were introduced, we have been able to refine our objectives and in the emerging context find it much easier to integrate the valuable experience with the academic studies.

We are sure that this area of co-operation between education and industry should be fostered. Nothing but good has come from our experience with these sandwich courses. We find no grounds for gloom and find the sandwich quite satisfying. We hope our industrial friends are not disturbed by the report but remember the pleasing aspects of our co-operation. In computing, we provide the best undergraduate courses in the world. Help us to keep them that way.

D. E. Conway.
The Polytechnic,
Wulfruna Street,
Wolverhampton.

Civil Service Commission

From The Head of Information, Civil Service Department.

Sir,—In his jobs column of June 28 Michael Dixon suggests that by handing over to the Employment Service Agency responsibility for all civil service recruitment there would be a saving of 5,000 staff at a cost of £25m. to £30m. a year. If he believes that such a saving could be made by abolishing the Civil Service Commission (which is responsible for all permanent recruitment to the Civil Service), he is mistaken. In 1975-76 the Civil Service Commission employed 392 staff at an annual staff cost of nearly £1.4m.

All vacancies in the civil service are of course reported to ESA, but under their Order in Council the Civil Service Commissioners are solely responsible for the recruitment and selection of civil servants and cannot transfer this responsibility elsewhere. This is to ensure that the civil servants are chosen on merit and by fair and open competition, impartially and without patronage.

S. T. Cursley.
Whitehall, S.W.1

Debtors and inflation

From Mr. A. Darg.

Sir,—Before writing his letter of June 23, Mr. Forman could perhaps have glanced through the Law Commission's Working Paper No. 66.

The difference between computer bureaux, etc., and factoring is that the former are usually necessary, whereas the latter ought not to be — that is, when overdue debts are eventually subject to statutory interest after, say, 30 days. Until then, the service will undoubtedly be profitable both for Mr. Forman and his clients, even though the latter have to discount all their sales.

If the market in collecting a creditor's own money is roomy enough for one unnecessary cost to breed another, then the word "inflationary" was well advised. Good though the techniques may be, factoring, in my view, is like renting a pair of crutches to a lame man, instead of finding a cure for his limp.

Credit managers control (or are controlled by) debt more than credit. Trade buyers on minimum budgets and maximum credit, miss the best prices, while the public queue for bulk purchase at the cash-and-carry. A go-slow on the shop floor is condemned as restrictive practice, while a go-slow on bills payable is condoned as what? As the cost-of-living index rises month by month, a pound due in January is worth that much less, if not paid till June.

Small wonder that companies with 25 per cent. of their sales tied up in outstanding debts and a similar or higher ratio of their purchases reserved against outstanding credits, find themselves short of buying power. The usual reaction is to borrow, increase prices (if they can) or take more free credit, but each of these is inflationary to buyer and seller alike.

Surely the right course is for companies to work together towards planning a gradual and simultaneous reduction in debtors and creditors down to a ratio of say 15 per cent. and ultimately down to 10 per cent. Depending on the added value between purchases and sales, so liquidity would rise both in volume and updated buying power, which in turn would generate confidence. Until recently that would have been pie in the sky, but not now that the Law Commission has come out in favour of strengthening the law on behalf of the creditor.

Even if the government, whose own payment record is not above reproach, could be persuaded to legislate against its own economic interest, the Act could not possibly succeed without full co-operation from industry. Management has only to grasp the nettle to win both support and respect.

A. A. Darg.
25, Norfolk Road,
Edgbaston, Birmingham 15.

Child benefit schemes

From Mr. C. Sanders.

Sir,—Mr. Rogaly's article on child benefit (June 29) speaks of principles but appears to ignore the fact that there are two conflicting principles involved.

He assumes that every citizen whatever his income should receive the same flat rate payment for a child and that child tax allowances are wrong since high tax payers gain more benefit from these. But is not the same true of, for example, the married man's allowance? Should not everyone receive the same flat rate for a wife—or a dependant relative—or even in place of his own personal income-tax allowance? This would certainly be an internally consistent system.

But the principle behind income-tax allowances has been to secure a degree of equity between persons of the same income but different responsibilities. To abandon this in favour of Mr. Rogaly's preferred system would, at higher tax rates, put a married man with children at a great disadvantage compared with a bachelor earning the same income.

Perhaps this is "right" but at least the case should be argued. My own view is that it would only be right if everyone had the same income.

C. W. Sanders.
41, Smith Street, S.W.3.

Energy and politics

From Mr. F. Taylor.

Sir,—I have read with interest your comprehensive coverage (June 23) of the memoranda submitted to the National Energy Conference as well as the report on the speeches delivered on the day.

While the Ministers responsible are no doubt gratified at the success of the conference as a public relations exercise, those of us responsible for the conversion of energy into useful heat and power in the industrial, commercial or domestic fields have cause for serious concern.

Little if any evidence on costs either of primary fuels or of conversion costs into usable energy was put forward. Nor was any reliable basis for energy planning submitted. In fact, the most telling arguments showed why *detailed planning is unreliable* and potentially harmful. The idea that the nationalised industries sitting together with Government and a few representatives of end users can create and administer a national policy is alarming.

Surely the soundest policy is *for the cost of fuels including* coal, to be reported area by area so that the users large and small, with the help of their qualified and experienced advisers can select plant and equipment year by year on an economic basis. Each energy supplier, whether coal, gas, oil or electricity has *the flexibility to adjust its supplies* according to demand provided this is based on a true market appraisal and not subjected to the sudden swings that inevitably follow political intervention.

F. M. H. Taylor.
Past President of the Chartered Institution of Building Services.
16, Phillimore Place, W.8.

Hard currency invoicing

From Mr. R. Farmer.

Sir, — As manager for the Americas of a large British firm, I travel frequently and have been surprised to see how many substantial British companies appear still to be invoicing in Sterling. My company switched to invoicing, where possible, in $US or other hard currency some years ago because we believed that this allowed business to be managed more accurately and to the maximum benefit both of the company and the country.

To cite an example: an order for chemicals could be negotiated on the basis of a competitive Sterling price, but by the time delivery was made and payment received, seven to eight months could be expected to have elapsed. In this case the value of Sterling, at any rate on recent performance, having fallen and no competitive advantage gained, money would have been needlessly given away.

To safeguard against losses in the case of appreciation of Sterling or depreciation of the $, an exchange rate can be used which is a small percentage above the present rate and, of course, could be adjusted at will. Using this technique, there is really no disadvantage to invoicing in hard currencies and the improvement to profitability is substantial, not to mention the ability to absorb increased raw material costs arising from the declining value of Sterling.

R. L. Farmer.
Lempsters, 7, Nixon Road,
Cuddington, Northwich,
Cheshire.

Executive health

From Doreen Jameson

Sir,—One reads a lot about the effect of stress on executive health. My experience has been that most executives enjoy and *find stimulating a good deal of stress*—it is when it becomes *strain* that the trouble starts.

Doreen Jameson.
1, Cranleigh Court,
45, Leinster Gardens, W.2.

To-day's Events

GENERAL

Shipbuildings tripartite talks *open under the chairmanship of* Mr. Eric Varley, Industry Secretary.

Select Committee on Nationalised Industries report on gas and electricity prices.

World Bank new interest rate formula takes effect to-day.

Aims of Freedom lunch to Dr. Robert Strausze-Hupe, U.S. permanent representative to the council of Nato, Press Centre.

General Mohammed Abdel-Ghani el Gamassi, Egyptian Minister of War, continues official visit to the U.K. as guest of the Ministry of Defence.

Welsh National Conference of Community and Town Councils. Aberystwyth.

PARLIAMENTARY BUSINESS

House of Commons: Education Bill, remaining stages.

Commons Select Committee. Science and Technology (Science Sub-committee). Subject: Industry and Scientific Research. Witness: Secretary of State for Education and Science. Race Relations and Immigration. Subject: West Indian Community.

House of Lords: Strathclyde University and Mackintosh School of Architecture Order Confirmation Bill third reading. Restrictive Trade Practices Bill (Consolidation) report stage. Restrictive Practices Court Bill (Consolidation) third reading. Theatres Trust Bill, third reading. Police Bill, second day of committee stage. Debate on the 35th Report on the European Communities Committee on Hallmarking and precious metals.

OFFICIAL STATISTICS

Energy Trends. Capital expenditure by the manufacturing, distributive and service industries (1st qtr.). Manufacturers' and distributors' stocks (1st qtr.).

COMPANY RESULTS

British Sugar Corporation (half-year). Granada Group (half-year).

COMPANY MEETINGS

Amalgamated Power Engineering, Bedford, 12. Bremner, Glasgow, 10.30. Canadian and Foreign Investment, 9, Bishopsgate, E.C., 11.45. Dorankande Rubber, 1-4, Gt. Tower Street, E.C., 12. Estates and Agency, Connaught Rooms, W.C., 12. Federated Chemical, Connaught Rooms, W.C., 12. Fine Art Developments, Burton-on-Trent, 4. Guardian Investment Trust, Bucklesbury House, E.C., 12. *Hewden Stewart Plant, Glasgow,* 12. House of Fraser, Glasgow, 12. Mowlem (J.), Brentford, Middlesex, 11. Moss Bros., 20-21, King Street, Covent Garden, W.C., 12.30. Rowton Hotels, Mount Pleasant Hotel, W.C., 12.

SPORT

Cricket: Yorkshire v West Indies, Sheffield. Tennis: Wimbledon. Rowing: Henley Regatta.

COMPANY NEWS + COMMENT

Best-ever £2.48m. from Geo. Bassett

A SALES increase of 21 per cent. to £64.01m.—including exports up from £4.78m. to £5.82m.—is announced by Geo. Bassett Holdings for the year ended March 31, 1976 and profit before tax was up by 52 per cent. to a record £2.48m., after £1.18m. (£0.25m.) in the first half.

Sugar and other raw material costs are now more stable and *so far this year sales and profits are* ahead of budget, states Mr. D. Gordon Johnson, chairman. The company is in the process of regaining the volume lost last year.

Referring to the year 1975-76, Mr. Johnson says that the company, in common with the rest of the confectionery industry, suffered a drop in volume following the sharp cost and price increases during the latter part of the previous 12 months. Nevertheless group profits for the last 23 weeks were higher than for the first 28 weeks.

The wholesale group, Drakes, experienced difficult trading conditions during the second half, but returned a record £450,000 for the full year. The Dutch and Australian manufacturing subsidiaries also continued to make very satisfactory progress.

Stated earnings per 25p share are up from 6.97p to 11.33p before extraordinary items of £112,000 and 10.4p after. Final dividend is 3.8324p net for a 4.6124p total (4.2165p). At the gross level dividends are the maximum allowed.

	1975-6 £000	1974-5 £000
Sales	64,009	52,902
*Confectionery	38,278	26,092
Wholesale dist.	35,731	26,510
Trading profit	2,731	2,031
Confectionery	2,301	1,629
Wholesale dist.	430	402
Interest charge	274	380
Profit before tax	2,477	1,651
Tax	1,108	807
Net profit	1,369	844
Extraord. debits	112	—

* Includes sales to the wholesale subsidiaries of £321,000 (£439,000).

† Due to a change in the accounting treatment of the conversion into sterling of overseas subsidiaries, figure increased by £28,000 and extraordinary item eliminated.

● comment

Geo. Bassett's full-year profits may be more than 50 per cent. higher before tax but they still *reveal that the recovery which* began 18 months ago has started to peter out. After a huge pretax jump in the first six months, second-half profits (on a comparable basis) slipped by around *11 per cent. reflecting lower contributions* from both divisions. Margins on the manufacturing side improved by roughly 1½ points last year to 7.6 per cent., but with no price rises planned *for 1976-77 the group will probably* have difficulty in holding them at this level for much longer. The group has trimmed overheads on the declining tobacco side, and reckons that volume on the confectionery side is at last beginning to recover. The shares at 78p—where the yield is 9.8 per cent. and the p/e 6¼—are unlikely to move much higher in the immediate future.

INDEX TO COMPANY HIGHLIGHTS

Royal bonus improved

Royal Insurance has declared higher rates of reversionary bonus applicable to all U.K. with-profit assurances maturing or becoming death claims on or after to-day. The improvement takes the form of paying a higher rate £5.50 per cent. per annum on existing *bonuses while leaving the rate* on the sum assured unchanged at £4.50 per cent. per annum.

This represents a radical change in the bonus policy of Royal which since 1963 has been to de*clare a rate applicable to both* sum assured and existing bonus. Mr. A. C. Baker, chief actuary, said yesterday, this new method was a logical extention of the more normal reversionary com*pound system and was more* applicable in times of high interest rates. It would mean higher bonuses for the longer-term contracts. It was far more preferable than the terminal *bonus system which had not been* adopted by the company.

Rise seen by Crest Nicholson

RESIDENTIAL estate and sports ground, etc. developers Crest Nicholson is making satisfactory progress in the current year and is looking for a "good improvement" in profit over the £905,000 achieved in the year ended October 31, 1975.

In the first half ended April 30, 1976, turnover rose by £1.1m. to £10.61m., but profit showed a slight decline from £422,000 to £405,000, subject to tax of £210,000 (£219,000).

The interim dividend is 0.7p (0.63p) net—total for 1974-75 was 2.27p.

● comment

Crest Nicholson's dull first half showed margins down a further ½ point against last year's average and led to a pre-tax profits fall of 4 per cent. Over 90 per cent. of its yachts are now exported—a position forced by the cut-back in home orders when VAT stood at 25 per cent. But the adjustment to the overseas market has been costly and losses made here in the first half will probably not be recovered in the second. The VAT reduction to 12½ per cent. should help U.K. demand in the next January buying season although the effect on yacht sales of the new tax on company "perks" and the future availability of loans for private yacht buyers are difficult to quantify. On the property side, private house sales are fetching better prices which should help to ease the margins problem while the new engineer*ing interests should be bringing in* extra profits. This points to overal profits of something over £1m. this year which, conservatively, gives the shares at 37p a p/e of 8 on a maximum prospec*tive yield of 10.6 per cent.*

Brickhouse Dudley's peak £1.6m.

MANHOLE and inspection cover makers, Brickhouse Dudley reports turnover up from £13.01m. to £16.99m. for the year to March 31, 1976, and an increase in pretax profits from £1,500,950 to a record £1,598,631 after a £40,000 rise to £750,000 in the first half.

Tax for the year absorbs £818,290 against £828,974 and the attributable balance is up from £671,976 to £725,027. Earnings are shown at 5.12p (4.48p) per 10p share and the dividend total is lifted from 1.7453p to the maximum permitted 1.900337p net with a final payment of 1.268892p.

The chairman, Mr. R. M. Huxtable says that the current period has begun with an improvement in order intake, and sales to date are ahead of last year.

The possibility of further cuts in spending within the construction industry cannot be ignored, he tells members and accordingly it is difficult to forecast the outcome for the full year. However, all plants are fully employed and he is confident that results will prove satisfactory.

● comment

Pre-tax profits of Brickhouse *Dudley rose by only £100,000 to* £1.6m. this year but this is a creditable performance against the difficult trading background. It is partly due to a vigorous marketing exercise in the Gulf and North Africa. *Not only have* products of the company been sold for specific civil contracts, like sewage plants, but stockists have been appointed in those areas on a long-term basis. This overseas involvement could become increasingly important, given the expectation of cuts in U.K. public expenditure, but a return to rapid profits growth cannot be expected next year. The shares rose 2p to 30p yesterday where *they yield 10.2 per* cent. covered 2.7 times.

Lennons turns in peak £1.2m.

FROM sales up sharply from £29.47m. to £46.02m., taxable profit of Lennons Group improved by almost 30 per cent. to a record £1.25m. in the 52 weeks ended March 27, 1976, after £0.64m. (£0.38m.) in the first half.

Due to more highly competitive conditions the second half was not quite as anticipated but the new chairman, Mr. D. P. Lennon, says that growth is returning to the supermarket operation and the wines and spirit subsidiary "continues to live up to our best expectations."

The current year has started well with sales about 25 per cent. higher—net margins are improving and he "cannot but view the outcome of the year with considerable optimism."

The net final dividend per 10p share is 1.09881p on increased capital making, as forecast, a maximum permitted 1.59881p compared with an equivalent 1.11987p previously.

	1975-76 £	1974-75 £
Sales	46,020,923	29,465,890
Depreciation	292,541	226,574
Profit before tax	1,246,393	960,454
U.K. tax	864,300	509,200
Net profit	382,103	451,254
*Dividends**	239,708	107,360

‡ Wholly a transfer to deferred taxation, which represents corporation tax deferred by capital allowances and stock relief.
* After £89,851 (£30,325) waivers.

Mr. Lennon states that the balance sheet is stronger than ever before. Shareholders funds have been increased by more than £1.5m., due to the proceeds of the rights issue (97.15 per cent. subscribed) and to retained profits. Net current assets are now in excess of £1.2m., a substantial increase over the previous year. Cash flow continues to be healthy, helped by the deferment of Corporation tax resulting from *stock relief provisions.*

Capital expenditure during the year was £1.33m. During the year two new supermarkets were opened, both of which are trading profitably, and five new off-licences, and since the end of the financial year six off-licences have been opened and a meat market.

Regarding inflation accounting on a Current Purchasing Power basis profit figures "are not dissimilar to those shown by the historical accounts."

Apart from the chairmanship Mr. T. T. Lennon also resigned as *chief executive and as a director.* Mr. D. P. Lennon is the new chairman and chief executive and Mr. J. W. Bolton has been appointed deputy chairman and continues as managing director.

Mr. T. T. Lennon will continue to be associated with the company as a consultant and the Board will submit to shareholders at an extraordinary meeting a resolution to amend the articles of associa*tion to create the new position of* honorary president. Mr. T. T. Lennon will be invited to accept the appointment.

● comment

Lennons has taken the market by surprise with a slowdown in profits growth from 68 per cent. at the interim stage to 4 per cent. in the second half, while sales growth has eased from 72 per cent. to 45 per cent. Gross margins have come under pressure, which might in part have reflected a deliberate policy of chasing sales at the expense of profitability, especially on the wines and spirits side. If that is the case, presumably Lennons will now be able to maintain margins and profits this year could rise to say £1½m. pretax. Meanwhile, the shares at 28p, down 3p yesterday, yield a relatively high 9.1 per cent. covered 1.8 times, but they are obviously over-hung by the change in top line management and the number of shares that the previous chairman holds.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AD International	1.64	—	1.5	2.47	2.27
Ashmole Trust ....int.	0.34	Aug. 20	0.34	—	1.25
Geo. Bassett	3.83	Aug. 23	3.41	4.61	4.22
Blundell-Permoglaze int.	0.86(b)	Oct. 1	0.67	—	2.36
Brentnall Beard ....int.	1.45†	July 30	1.32	—	3.12
Bett Bros. ....int.	0.62	Aug. 16	0.57*	—	1.35*
BPB Industries	3.11†	Aug. 9	2.83	6.21‡	5.73
Brickhouse Dudley	1.27	—	1.15	1.9	1.75
Br. Cotton & Wool Dyers	1.97	Oct.	nil	1.97	nil
C.G.S.B. ....int.	0.35	Aug. 4	0.35	—	1.19
Crest Nicholson ....int.	0.7	Oct. 4	0.63	—	2.27
Dunford & Elliott ...int.	Nil	—	1.73	—	2.25
GEC	1.62	Oct. 1	1.53	3.27	3.03
Goldring	Nil	—	0.53	nil	1.05
Halma	0.58	Aug. 20	0.5	1.14	1.06
Hicking Pentecost	3.55	Oct. 1	3.59	3.55	5.09
Lennons	1.1†	Aug. 28	0.8*	1.6	1.12*
M & G Dual Trust ....int.	4.3	Sept. 2	3.9	—(a)	9.05
Silvermines	1.5(c)	Aug. 12	1.5	3.0	4.0
Vectis Stone ....int.	0.5	Aug. 6	0.46	—	1.21
Weston-Evans	1.69	Aug. 14	1.46	2.51	2.28

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Total 9½p forecast. *(b) To reduce disparity.* (c) Tax free.

Adda loss reduced to £0.28m.

A SHARPLY reduced loss of £284,630 against £1,169,650, is reported by Adda International for the year to December 28, 1975. Turnover expanded from £4.8m. to £7.07m.

The group's hotels are now well established and with the easing of *the competitive situation in the* hotel market, are enjoying the benefits of increased turnover and profitability, the directors state.

This trend has continued into 1976 and hotel sales for the first *26 weeks are substantially above* the 1975 level. In particular, the trading contribution from the new Chelsea hotel is expected to show a substantial increase in 1976, they add.

The *major commercial develop*ment in Copenhagen is nearing completion and substantial lettings have been achieved.

The group expects to receive, within the next two months, over £1m. from the exercising by Magasin du Nord of its option to buy a portion of the building, it is stated.

	1975 £	1974 £
Hotels, etc. turnover	4,838,485	3,599,231
Wholesaling	797,730	761,071
Property	1,411,881	437,509
Total turnover	7,048,106	4,797,811
Hotels, etc., profit	687,837	438,893
Wholesaling	36,992	41,726
Property loss	3,200	*116,963
Total trading profit	721,629	612,694
Ln. stk. repay. costs	15,000	—
Off short leases	15,784	—
Provisions†	—	903,765
Interest charges	975,475	873,589
Loss before tax	284,630	1,169,650
Taxation	28,967	‡19,506
Extraordinary debits	60,412	‡86,579
Minorities	9,238	4,782
Attributable loss	383,247	1,048,357

* Profit. † Diminution in value development properties. ‡ Credit.

● comment

If the provisions for the previous year's devaluation of its development properties are excluded, Adda's pre-tax loss is greater by about £18,500. This could make the current year a crucial one for the group, which is unlikely to be able to reduce its interest charges in the current year even if hotel trading continues its good recovery. *Net borrowings are a bit* higher than the £14m. total debt recorded at the end of 1974 while shareholders' funds are about £1m. lower at £8.7m. But further sales of assets in Denmark within a year seem in prospect. The shares at 11½p give a market capitalisation of £1.95m.

Western Motor

Western Motor Holdings' outcome for the current year will depend on achievement of good, steady levels of production from British Leyland factories and an upturn in high street retail trade volumes, says the chairman.

All sections have facilities and capacity to derive immediate benefit from an upturn in the economy, and there are some signs that the opinion that the recession has "bottomed out" *may be well-founded.*

Second half slowdown at AD Intl.

AFTER RISING from £1.63m. to £1.82m. in the first half, pre-tax profits of AD International finished 1975 only marginally higher at £2.99m. compared with £2.96m.

Earnings are shown at 8.6p (9p) before extraordinary items and at 8.7p (8.4p) at the attributable level. The final dividend is 1.644p net per 25p *share* for a 2.4715p (2.27p) total.

	1975 £000	1974 £000
Group turnover	41,410	33,387
Trading profit	4,047	3,692
Profit before tax	2,989	2,956
Tax	1,683	1,568
Net profit	1,306	1,388
Attributable*	1,344	1,308
Ordinary dividends	393	352

* After minorities and extra-ordinary items.

14.8% rise for Weston-Evans

INCLUDING A £169,096 provision for past service on future pension contributions, pre-tax profit of Weston-Evans (Holdings) improved by 14.8 per cent. to a record £974,920 in the year to March 31, 1976, after £435,000 (£445,243) in the first half.

Yearly earnings per 20p share are 7.6p (same) and a final dividend of 1.68895p makes a maximum permitted total of 2.5097p (2.28155p) net.

The company makes machinery for paper making, textile finishing and laundry, and mechanical handling.

Engineering activities experienced difficult trading conditions at home and overseas, says Mr. F. Crosland, chairman. Companies in the U.S. were able to ride the recession without serious consequences and were also able to take full advantage of the business improvement there in the latter part of the financial year.

With two exceptions the order books of the U.K. companies are *not as large as wished for, but there is optimism in various sales* and commercial enclaves which are anticipating an improvement in the present conditions.

If present conditions and indications continue to prevail, then "another satisfactory year lies ahead."

	1975-76 £	1974-75 £
Group sales	10,119,147	8,564,149
Engineering	7,502,671	6,329,175
Packaging materials	2,616,476	2,234,974
Trading profit	1,144,016	848,870
Pension provision	169,096	—
Profit before tax	974,920	848,870
Tax	565,357	441,209
Net profit	409,563	407,661
Written off goodwill	157,617	111,398
Dividends	134,989	122,720
Retained	116,957	173,633
Forward	1,434,908	1,299,088

As in previous years goodwill arising out of the acquisition of *Brown Products Inc., has again* been reduced bringing closer together the book value of the net tangible assets acquired and the cost to the group.

The benefit derived by the translation of dollar profits to sterling, provides an extra profit of £58,927 to the group.

Blundell-Permoglaze midway rise

PROFITS before tax of Blundell-Permoglaze Holdings increased from £272,013 to £377,871 in the half-year ended April 30, 1975. Sales improved from £4.81m. to £6.49m.

To reduce disparity, the net interim dividend is raised from 0.67p to 0.86p and having regard to the first half's profit trend and *confidence in continued progress,* the directors anticipate increasing the total to the maximum permitted—the total in 1974-75 was 2.36p.

Since the half-year ended, May has shown further signs of growth in turnover and profit, and the chairman, Mr. N. G. Bassett-Smith, is confident of continued excellent results.

	Half-year 1975-76 £	1974-75 £
Sales	6,498,348	4,811,048
Trading profit	447,066	380,829
Depreciation	96,365	70,983
Associates' share	27,370	42,071
Profit before tax	377,871	272,813
Taxation	202,716	146,474
Minority loss	1,470	—
Attributable	176,631	125,539
Pref. dividend	828	828
Attributable Ordinary	175,803	124,711

The directors say the profitability of the industrial division continues to improve while the decorative division had a 10 per cent. volume increase in the six months.

The export side continues to grow and first half sales were 13 per cent. up. Expansion of W. H. Lowrie in Scotland has been maintained.

● comment

*Against a fairly sluggish back*ground in the paint industry generally, Blundell Permoglaze's 39 per cent. jump in pre-tax profits looks a good performance. Sales are up by roughly 35 per cent., *within which overall volume* apparently increased by around 11 per cent. The decorative paint market (around 75 per cent. of group sales) has been depressed for some time but the group has managed to widen its market share following a recent 60 per cent. expansion of capacity at its main decorative plant in Hull. For the full year the group appears to be headed for pre-tax profits of around £1m., and although that is still short of the £1.17m. peak in 1973-74 it is worth remembering that the latter figure included a 60 per cent. con*tribution from the Indian subsid*iary, which has since been reduced to 29 per cent. The shares, which at 50p are yielding a maximum 8 per cent. (a point and a half more than Donald Mac*pherson) on a prospective p/e of* 6¼, look fairly valued.

Statement, Page 24

A rights issue, he con... would reduce bank borr... "every £1 of increased capital put into the co... would increase the pre-tax by approximately 13-14p although this could be don... out reducing the capital. posed, a reduction would any issue to be made at attractive to shareholders.

Mr. Ormond commented day that "a return of 13 to cent. on new money is attractive to shareholders asked "why was over invested in Pleasurama only 8 per cent.""

He also thought that b... reduction in capital is ap... detailed accounts for 1975 dividend and profit f... should be provided and t... position as regards th... tankers ordered at a cost £20m. in 1973 from C... Laird, should be clarified.

In respect of any im... rights issue, Mr. Ormon... mented that, although holders who take up their would be unaffected by th... those who do not "would a lesser dilution with a issue at *20p than with tw...* number of shares being at 10p."

Williams Hudson

Mr. David Rowland, chairman of Williams Hudson, has again *written to shareholders following* Press comment on the EGM next week which is to consider a reduction in the company's capital. His comments urging shareholders to accept the proposals brought *a swift rejoinder from Mr. John* Ormond, of Surinvest who has been drumming up opposition and claims to have the support of almost 10 per cent. of the votes.

Mr. Rowland says that the advantages of an injection of equity were apparent from the last accounts for the year ended March 31, 1975, the interim loss of £1.9m. (after a write-off of *£1.5m. against U.S. manufactur*ing interests) and the possibility of a further write-off of £920,000 against loans to Venesta International.

Bett Bros sees peak £2.2m.

CURRENT ESIMATES that turnover at Bett Brot... the year ending August should be about £20m. (£... and pre-tax profit a record compared with £1.74m., th... tors say.

For the first half to F... 29, 1976 pre-tax profit was against £0.72m.

Adjusting for the one scrip issue, the *interim ...* is raised from 0.5676p to net and certain holder waived payments agg... £23,039. Last year's divide... was 2.7702p.

● comment

Bett reports a three-... jump in interim pre-tax but is also forecasting a turn of 7 per cent. for the six months. The point beh... figures is that the interim for the first time reflect th... on cost escalation clauses authority contracts—about fifths of the total. Bu... while, the private house sector remains quiet in S... The second half looks a buoyant with profits of £1m. pre-tax against £1¼m first half because of a low of local authority work shares inched 2p higher profits forecast to 40p. w... *prospective p/e of 5.6* reasonable against the s...

Cavenham

Cavenham has issued ... ment following a press that Allied Suppliers ... trading as Liptons receivership.

Cavenham makes it cl... *this development has* nection whatsoever w... Cavenham Group or subsidiary Allied Supplie... trades under the Lipton The Irish company in th... concerned were *sold* purchasers in March, 19... total consideration for has already been rece... Allied Suppliers.

ISSUE NEWS

Kwik-fit raising £250,0...

Kwik-Fit proposes to make a one-for-four rights issue at 25p (par) a share against a market price of 27p to raise £250,000 gross. The share price responded to the news by falling below par but by the close it had recovered to 25p, compared with a peak this year of 35p.

No profit or dividend forecast is to be made and to take account of the difficult circumstances of the issue, Mr. Alec Stenson, Mr. Tom Farmer, the chief executive, *and Midland Montagu Industrial* Finance have agreed to take up their rights. The remaining 60 per cent. of the issue will be underwritten by Alsten Investments—a company owned by Mr. Stenson. If this part of the issue is left with Alsten, it will mean that Mr. Stenson's stake in the company will double to a fifth of the equity.

MIDLAND BAN...

Statistics compiled by ... land Bank *show that the* of "new money" raised U.K. by the issue of m... securities in June was the lowest monthly tot... December 1974. In the *months of this year £1,07...* been raised compare... £1,006.1m. in the same ... 1975.

DUNBEE-COMBE...

Dunbee-Combex-Marx issue to raise £2.5m. on ... of one-for-five at 140p p... has been taken up as to ... cent. The balance has b... at a net premium of ... share and the net proce... be distributed to entitle... holders, except that no will be made for less tha...

هكذا ص الأصل

Dunford and Elliott omits interim

A LOSS of £503,000 was incurred by Dunford and Elliott in the half year to March 27, 1976. This compares with a loss of £2,411,000 for the previous six months and with a profit of £1,203,000 for the corresponding period of 1974-75.

There is no interim dividend, again 1.75p. Last year's final was 0.5p for a total of 2.25p net, compared with 4.47p for the 14 months to September 28, 1974.

The expected upturn for the six months proved very modest, although sufficient to bring about a return to trading profit, and indicates improved prospects for 1977, says the chairman Mr. Frank Welsh.

While the trading profit fell short of that for the comparable period to March 1975, there was a turnround of over £2m. compared with the trading loss for the six months ended September 1975.

Demand for steel continued to be well below the capacity of the plant, even before the introduction of the new facilities now operative at Brown Bayley Steels.

The order intake for rolled steel products is now steadily but slowly improving and the directors hope this will lead to full use of the enlarged capacity during 1977.

Price increase effective within the next few days will help towards offsetting inflated costs, particularly that of scrap.

As anticipated, the demand for alloy steel forgings decreased, but signs of some recovery are already apparent, notably in export markets, the chairman adds.

Profit of the engineering group was the highest for a half year.

Delays in investment decisions within the process industries led to shortening order books in certain sections but this group should produce record profits for the year and is well placed for continued growth, says Mr. Welsh.

28 weeks ended	March 1976 £000	Sept. 1975 £000	March 1975 £000
Steel turnover	23,150	19,342	27,077
Engineering	5,922	6,488	4,029
Total turnover	29,072	25,830	31,106
Steel profit	279	*1,362	2,193
Engineering profit	445	278	223
Dividends and int.	56	295	169
Interest payable	1,373	1,262	1,396
Loss before tax	593	2,011	†1,203
Taxation	44	[illegible]	365
Net (loss)	632	1,591	*815
Extraord. credits	111	360	39
Attributable loss	522	1,231	*844

* Loss. † Profit. ‡ Credit.

Although the improved level of group trading profit is expected to continue it does not seem likely that the timing and rate of recovery will produce a second half profit at the pre-tax stage.

In view of this and the first half year loss it would be inappropriate to declare an interim dividend. However it is intended to restore the dividends to the 1973-74 level as quickly as possible.

● comment

Dunford is going to stay in the red this year and meanwhile has stopped paying dividends. The steel operations are currently running about a third below capacity and as low-alloy producers there seems little prospect of any real upturn before 1977. This division is now making a profit before interest, and the engineering side is moving steadily enough. But Dunford has been able to make precious little inroad into its borrowings which at £21.7m. compare with tangible net assets of around £13.3m. or 126p a share. The shares eased 2p to 39p yesterday for a market capitalisation of £4.1m.

Statement, Page 24

Pegler Hattersley expansion

THE OVERALL order book situation at Pegler Hattersley remains satisfactory and the chairman, Mr. J. M. Harrison, expects the group will have a good outcome to the new year.

Last year's rights issue brought in £5.2m. and with a surplus on the year of £2.3m. compared to a net outgo of £6m. the year before, liquidity is much improved and there is a broader base from which the group can face expansion with confidence.

Present plans in the current year include a much greater capital expenditure than the £3.03m. of 1975-76 and take into account several projects including modernisation and expansion of foundries, the development of new projects and the establishment of a separate research and development centre for the group.

As reported on June 11, pre-tax profits for the year ended March 31, 1976 rose from £8.5m. to £14.4m. with a dividend of 6.256p net (5.507p). There was an increase in liquid funds of £7.52m. (£8.03m. decrease).

The building products, engineering and valve divisions virtually doubled profits. The industrial side had a difficult year but the merchanting division again did well.

Chairman's statement Page 22

Halma improves in second half

ON A TURNOVER up from £5.98m. to £6.15m., pre-tax profit of Halma decreased from £317,873 to £190,163 in the year to March 31, 1976, after a sharp downturn from £152,811 to £65,792 in the first half.

Despite difficult conditions, three subsidiaries made record profit contributions, and virtually all group companies now show a satisfactory performance trend, says the chairman, Mr. D. S. Barber. Total order book (excluding that of the subsidiary acquired during the year) is higher than at any time in last 12 months.

The first part of the current year confirms the directors' view that the improvement shown over the past 9 months can be sustained.

Subject to the U.K. economy, the chairman believes the company can look forward to continued growth and a further profits improvement.

Basic earnings per 10p shares were down from 3.37p to 2.03p.

A final dividend of 0.575p lifts the total from 1.0636p to a maximum permitted 1.135p net. The company manufactures specialist engineering and air conditioning etc., equipment.

ENGLISH ASSOCN.

Having announced their intention to bid for the company, Mr. A. E. P. Clarke, Mr. R. M. Cox Johnson and E. D. and F. Man (an international trading company) have now purchased a further 18,490 shares in The English Association of American Bond and Share Holders at 264p, which together with the 60,114 shares already held brings their holding up to 78,604 shares (46.4 per cent.).

BPB jumps to £19.26m.

ON EXTERNAL sales up by £62m. to £201m., pre-tax profits of BPB Industries jumped from £11.6m. to £19.26m. in the year to March 31, 1976.

At midway, reporting a rise from £5.89m. to £8.63m. the directors said that the full year figure would be ahead by at least the same increase.

Basic earnings for the year are shown to be up from 12.9p to 23.6p per 50p share and, as promised, the final dividend is 3.106p net lifting the total from 5.729p to the maximum permitted 6.208p on capital as increased by last September's one-for-four rights issue to raise some £6.4m.

	1975-76 £000	1974-75 £000
Sales	201,187	138,880
Bldg. materials U.K.	98,554	73,895
Canada	27,574	17,248
Eire	7,737	5,948
France	33,211	1,237
Paper and pckgng. U.K.	49,559	46,013
Netherlands	6,388	9,902
Less inter-group	22,136	15,479
Profit before tax†	19,261	11,602
Bldg. materials U.K.	10,703	5,466
Canada	1,465	*1,917
Eire	1,054	872
France	1,819	32
Paper and Pckgng. U.K.	4,155	5,221
Netherlands loss	522	‡1,096
Share associates'	602	510
U.K. tax	7,720	5,605
Overseas tax	1,699	1,021
Net profit	9,843	4,976
Minorities	262	146
Extraord. credits	1,772	*1,535
Attributable	11,355	3,295
Preference dividends	17	17
Ordinary	2,711	1,967
Retained	8,627	1,311

* Loss. † After charging depreciation £7.76m. (£5.29m.) and interest £3.72m. (£3.86m.). ‡ Profit.

The chief reason, other than inflation, for the increase is the improved profitability of the gypsum companies. In the U.K. there was some relaxation of the Price Code, and Westroc Industries of Canada, turned a loss of £1.9m. into a profit of £1.5m. Placoplatre SA of France, a subsidiary since September, 1975, contributed £1.8m. compared with the group's 50 per cent. share of profit amounting to £0.4m. included with associates in 1974-75.

The directors say the year was marked by an improvement in the rate of dwelling house construction in the U.K., which forms the major part of the market for British Gypsum's products. In contrast, the paper industry suffered a severe recession and a number of units within Davidson Radcliffe operated below capacity; however, a major exception was the strong demand from both the U.K. and mainland Europe for plasterboard liner.

In Canada, Westroc Industries was not burdened with the unprofitable activities which affected 1974-75 and demand reached high levels, resulting in the five plasterboard plants being well utilised.

● comment

BPB Industries' 66 per cent. rise in pre-tax profits, backed by a 45 per cent. increase in sales, was better than the market had expected and the share price shrugged off its recent weakness, rising 5p to 121p on the news. The real growth has come from the U.K. building materials sector where profits nearly doubled last year and now account for 57.4 per cent. of the total. Higher plasterboard prices helped (up 35 per cent. in the first half), but a 28 per cent. increase in new housing starts was more important. Closure of the loss-making Canadian plant turned last year's £1.9m. loss into a £1.5m. profit whilst the consolidation of the newly acquired French subsidiary added in another £1.8m. Profits from the U.K. paper and packaging operations were down by a fifth. With capital spending up from £9.5m. to £14m. the company has substantial new capacity in the pipeline to meet future demand and the recent 7 per cent. price increase at British Gypsum should maintain margins at close to reference levels. The only problem in the current year is the prospect of a downturn in the U.K. building activity but at the moment with housing starts up 21 per cent. in the first five months demand is still holding up well in BPB's key market. At 121p the shares yield 7.9 per cent. and the dividend is covered 4.2 times.

WEYBURN ENG.

Weyburn Engineering has completed its £0.9m. acquisition of German diesel engine camshaft manufacturers Ewald Bartel. The name of the company is to be changed to Weyburn Bartel GMBH.

GEC profits grow by £42m. to reach £207m.

AFTER A £20m. rise to £91m. in the first half, pre-tax profits of General Electric Company finished the year to March 31, 1976, up from £165.2m. to £207.2m. External sales expanded from £1.41bn. to £1.75bn.

Profits are struck after a provision of £12.9m. (£8.7m.) against the expropriation by the Government of part of the profits of British Aircraft Corporation on the enactment of the Aircraft and Shipbuilding Industries Bill.

The provision is necessary because, on enactment of the Bill, GEC's existing legal interest in half the profits of BAC will be retrospectively reduced.

Earnings are shown to be up from 14.83p to 18.36p per 25p share or from 14.59p to 18.07p fully diluted. The final dividend is 1.619p net lifting the total from 3.03p to the maximum permitted 3.269p.

Bank balances and deposits, less overdrafts were £231m. at March 31 compared with £146m.

	1975-76 £m.	1974-75 £m.
External sales	1,752.4	1,406.8
Group trading profit	183.6	141.2
Interest and inv. income	9.0	11.3
Share associates'	27.5	21.4
Provision	12.9	8.7
Profit before tax	207.2	165.2
Taxation	105.4	83.4
Net profit	101.8	81.8
Minorities	2.5	2.5
Attributable	99.3	79.3
Dividends	17.7	16.3
Increase in net book worth	81.6	63.0

The 1974-75 figures have been adjusted by provision of £8.7m. to make them comparable.

Power engineering contributed £251m. (£192m.) of turnover including inter group sales and 11 (10) per cent. of earnings. Industrial contributed £242m. (£192m.) and 21 (18) per cent., telecommunications, electronics and automation £498m. (£387m.) and 28 (30) per cent., components, cables and wire £215m. (£214m.) and 11 (11), consumer products £193m. (£168m.) and 6 (8), and overseas £503m. (£390m.) and 23 (23).

See Lex

SAMUEL SHERMAN

Manufacturers of ladies' dresses, Samuel Sherman, reports an increased loss of £60,168, against £45,664, for the six months to April 1, 1976, on sales of £748,489 (£697,495). There is a tax credit of £20,000 (£23,000).

The reorganisation undertaken is not expected to have a significant effect on the results of the second six months and a further loss is anticipated, the directors state. For the year to September 30, 1975 there was a loss of £73,887.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims — Barranquilla Investments, British Sugar Granada, Lincroft Kilgour, Whatlings, White Child and Beney.

Finals—Carlton Industries, G. H. Downing, General Engineering Co. (Radcliffe), London and Midland Industrials.

FUTURE DATES

Interims—

Ball (W. W.)	July 7
Wearra	July 2
Websters Publications	July 9
Finals—	
Bambergers	July 5
Commercial Bank of Australia	July 22
Wilkinson Match	July 13

C.G.S.B. off £31,000 in first half

First half turnover (to March 31, 1976) at CGSB Holdings, motor engineers and distributors, improved from £3.92m. to £5.08m. but profit dropped from £117,800 to £86,600 subject to tax of £45,000, compared with £61,700.

Stated earnings are 0.965p (1.34p) per 10p share and the net interim dividend is held at 0.35p —last year's total was 1.191p, from pre-tax profits of £365,072.

M. & G Dual to pay 9.7p

Revenue after tax of M and G Dual Trust increased from £227,757 to £249,447 for the six months to June 30, 1976. The figure for the year 1975 was £521,264.

The interim dividend is lifted from 3.9p to 4.3p net per 10p income share and a final of 5.4p (5.15p) is forecast.

The asset value per 10p capital share is shown at 194.95p compared with 200.1p at end 1975.

Hicking Pentecost advance

TEXTILE makers and commission dyers, Hicking Pentecost and Co., reports pre-tax profits up from £351,034 to £410,076 for the year ended March 31, 1976, after being down slightly from £167,401 to £163,716 in the first six months.

And in the first quarter of the current year, profits are ahead of the same period of 1975. Both manufacturing divisions have satisfactory forward orders, the directors say.

Stated earnings per 50p share are 9.42p (7.4p) and the final dividend is 3.5486p net making a maximum permitted total of 5.5486p compared with 5.089p previously.

Turnover for the year improved from £6.1m. to £7.23m. The profit is struck after interest charges of £35,779 (£61,338) but before tax of £209,727 against £143,727. An amount of £82,360 (£49,091) is retained.

The directors say the reduced interest charges are due to the improvement in the group's liquidity position.

There are indications of a general, but slow improvement in the textile industry and the Board is currently planning further expansion of capacity in all divisions.

	1975-76 £	1974-75 £
Turnover	7,232,076	6,105,034
Trading profit	445,855	362,372
Interest	35,779	61,338
Profit before tax	410,076	301,034
Knitwear	179,460	190,084
Dyeing	207,766	106,141
Warp knitting	22,850	12,799
Taxation	209,727	143,727
Net profit	200,349	157,307
Dividends	117,989	108,216
Retained	82,360	49,091

Statement Page 24

British Cotton turns in £0.31m.

IN LINE with the significant increase forecast last December, British Cotton and Wool Dyers' Association announces a pre-tax profit of £313,210 for the year ended March 31, 1976, compared with a loss of £69,462 last time. In the first half profits were up from £38,135 to £70,259.

And according to the directors, the current year has started well and the company "continues to trade profitably."

Also as predicted the company has resumed dividend payments with a maximum permitted 1.95071p net—the previous payment was 1.8468875p in 1973-74.

The profit is mainly attributable to the textile units, though timber and manufacturing, have improved appreciably.

	1975-76 £	1974-75 £
Turnover	6,477,321	5,237,073
Pre-tax profit	313,210	69,462*
Tax	175,325Δ	24,750
Extraord. Credit	248,237	41,457
Minorities	737	737
Dividend	91,560	—

* Loss. ‡ Credit. § Debit. Δ Reduced by £41,656 prior year over-provision. ¶ Mainly surplus on redemption of 4 per cent. Debenture Stock.

● comment

Though British Cotton and Wool Dyers' return to profitability was better than expected, it should be viewed against the background of a marked upturn in the textile cycle.

Sales rose by only 2.6 per cent. on the year, but this understates the improvement, since the company has now withdrawn from the "slubbing" industry which used to account for one sixth of its turnover. Between the first and second halves, pre-tax profits jumped 3½ times. However, the recovery in textiles (led by Smethurst, the indigo dye subsidiary) was not matched by a similar improvement in the timber interests, which in 1974 contributed profits of £342,000 but last year only managed £28,000. The company has celebrated its return to profitability by announcing its first dividend since 1973-74 and the shares, currently yielding 12.6 per cent. on a p/e ratio of 3.4 at 25p, look cheap against the textile industry average. With the continued upswing in the textile cycle, and some recovery in the timber interests, the current year should see the company returning to near its 1974 profit levels, when it earned £573,000. Whether this will affect Illingworth Morris's 36.6 per cent. stake in the company remains to be seen.

A. Monk recovery to continue

Subject to no unforeseen events, Mr. F. H. Sullivan, chairman of A. Monk and Co., expects the current year to continue the recovery from the 1974-75 setback.

The group's financial base is sound, he says, although in the present circumstances, the usual equipment replacement programme is not being maintained, but the directors are concentrating on purchasing particular requirements for new contracts secured.

"We are in a position to purchase when the national situation merits a return to our normal practice." Mr. Sullivan says.

The order book has improved during the past six months, to an extent greater than could have been anticipated. Several large-scale civil engineering contracts have been secured including one for laying 100 miles of welded pipeline and ancillary works in the north-east.

House-building has been resumed in private development and local authority work and an advanced stage has been reached in concluding a lease with a City corporation for the long-term development of some 52 acres.

As reported on June 19, pre-tax profits for the year ended February 29, 1976 recovered from £0.59m. to £1.1m. The dividend is 4.2835p (3.9315p) net.

It is expected that the Nigerian subsidiary's contract for the reconstruction of the Ikorodu road in Nigeria will be completed on time. The financial position on the contract has been assessed and a provision for a loss of some £350,000 has been included in the accounts.

The group has declined to accept further work which has been offered until the organisation in Nigeria has been further consolidated, the chairman states.

Meeting, Warrington, July 22, at 3 p.m.

BIDS AND DEALS

New management for Yorkgreen Trust

New management for Yorkgreen

The chairman of Yorkgreen Investment Trust, Mr. David Innes, has resigned along with two other directors, Mr. T. Buffett and Mr. V. McNeel. At the same time a 29.8 per cent. holding has been purchased by the Italian International Bank, a stake previously held by Heenan Spark which has gone into compulsory liquidation.

Associates of Italian International have been appointed to the Yorkgreen Board, with Mr. I. Salmon as chairman. The other new directors are Mr. Roland Jarvis, as managing director, Mr. Angus Murray, Mr. D. Drakes, Mr. D. Kleeman and Mr. M. Walsh.

Mr. Innes said last night that he is leaving the company to concentrate on other interests, principally as chairman and managing director of Englefields London, a private company which manufactures pewter ware. As a gesture of confidence in the new management, Mr. Innes stated that he would be retaining his holding in Yorkgreen—303,000 shares in the last accounts.

The Italian International Bank stake has been purchased at an average price of 3.165p per share, which compares with last night's closing price of 4½p, up 1p. A spokesman for the new management said yesterday that there were no specific plans for the company, which currently has a portfolio of quoted and unquoted investments. A clarifying statement is expected in the annual accounts for the year ended April 30, 1976, and also at the annual meeting.

It is not the present intention of Italian International to make a bid for the remainder of the Yorkgreen capital.

Yorkgreen reported a deficit in the last half-year period and net assets per share at the end of October were shown at 4.4p compared with 4.9p at the end of April, 1975.

HYGRADE MINORITY

Hanson Industries Incorporated, the U.S. arm of Hanson Trust, the industrial holding company headed by Sir James Hanson, is planning to acquire the 6 per cent. of the Hygrade Food Products Corporation that it does not already own.

Under the terms of the merger agreement, minority holders in Hygrade will receive $30 per share. Approval will be sought from shareholders at a meeting to be held on August 25, where Hanson will vote its own holding in favour of the merger.

A hearing has also been set for July 6 on the pending minority stockholder suit challenging the merger and Hanson's tender.

Burmah sale completed

The purchase by R. J. Reynolds Industries yesterday of Burmah Oil's principal United States oil and gas business and operations for some $520m. cash has been completed.

Reynolds and Burmah had announced on June 3 the signing of a definitive contract for Reynolds' purchase of such business and operations.

YORKSHIRE BANK MOVES INTO FACTORING

YORKSHIRE BANK is paying £250,000 in cash for new shares to acquire a one-third stake in Arbuthnot Factors, at present a wholly-owned subsidiary of the merchant bank Arbuthnot Latham Holdings.

The agreement announced yesterday gives Yorkshire its first stake in the factoring business, where all the major commercial banks already have interests. Yorkshire said yesterday that the deal would provide access to an additional service for its corporate customers. The bank added that Arbuthnot was the only one of the big factoring groups not already linked with one of the commercial banks.

Under the deal Yorkshire is to subscribe at par for 250,000 new Ordinary shares of £1 in Arbuthnot Factors. Yorkshire itself is owned by a group of London clearing banks but operates independently.

LONDON TIN

A further 100,000 shares in London Tin—almost ¼ per cent. of the Ordinary capital—have been bought by stockbrokers L. Messel on behalf of associates of Pernas Securities, the State-owned Malaysian company which is making an offer for London Tin via a scheme of arrangement. Messel has been a steady buyer of London Tin shares through the market and the last official figure given for the holding controlled by Pernas was 20.36 per cent.

Brent Walker sells shopping interest

Brent Walker has sold its 25 per cent. stake in the company which developed the Brent Cross shopping centre in North London to Standard Life Assurance for £3.7m.

The other 75 per cent. of Brent Cross (Holding) Joint Development is owned by Hammerson Investment Trust, with which Brent Walker has been involved in a legal dispute about what share Brent Walker would receive of revenue from the centre. This dispute has now been settled.

Standard Life, which financed the development, currently costed at £25m., will now start discussions to settle the equity and revenue split between them as partners in the project.

The involvement of Brent Walker, a leisure group whose chairman is Mr. George Walker, came through the merger of the Walker boxing brothers' company, G. and W. Walker, with Hackney and Hendon Greyhounds. Hackney and Hendon had owned a greyhound stadium on the Brent Cross site, part of which it sold to Hammerson for £760,000 plus a quarter share of the centre's development company.

Hammerson arranged finance with Standard Life, a large shareholder in Hammerson. The funding was at 6¼ per cent. with Standard Life taking 40 per cent. of net revenue.

Brent Walker disputed this funding agreement, which effectively diluted its share to 15 per cent. It was due in court with Hammerson on June 8 but the parties withdrew to settle privately.

Brent Walker's interest in Brent Cross is included in the balance sheet at £25. Mr. George Walker said yesterday that some of the £3.7m. cash would be used to increase the company's interests in the Middle East.

APPOINTMENTS

Senior posts at Butler Till

Mr. John White has been appointed joint deputy managing director of BUTLER TILL, sterling money brokers, in succession to Mr. Alan Carrick Smith who has retired. Mr. Brian Deeble has become joint deputy managing director of Guy Butler (International), currency deposit and foreign exchange brokers, while Mr. Alan Nicholls previously an assistant to the directors, has been made a director of that company. Mr. Michael Young has been appointed an assistant to the directors of Guy Butler (International) with special responsibility for business in South East Asia.

★

Because of his increasing responsibilities within the Distillers Company, Mr. J. R. Cater, deputy chairman of Distillers has resigned from the Board of UNITED GLASS. He will be succeeded as chairman of United Glass by Major D. A. Blair, who has been appointed to the United Glass Board by Distillers Company. Also appointed to the United Glass Board are Mr. J. R. Griffin who is managing director of the UG closures and plastics division, and Mr. A. Phizacklea, head of UG research and development.

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Mr. D. N. Dow, financial director of the LAIRD GROUP since 1970, has become commercial director. Mr. R. J. Overend has joined the Board as financial director and has been succeeded by Mr. C. R. W. Masterson as group financial controller.

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The National Freight Corporation has appointed Mr. Arthur Smith as managing director of ROADLINE UK. He succeeds Mr. Alan Monighan who has taken up an appointment outside the Corporation. Mr. Smith is currently managing director, Midlands British Road Services.

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Mr. T. Harrison has joined the Board of CLARKE CHAPMAN as deputy chief executive. He is currently deputy managing director of the company's mechanical engineering group.

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Mr. Dennis J. Sewell has been appointed deputy managing director of CONSUMER AND VIDEO HOLDINGS, a subsidiary of Plantation Holdings.

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Mr. William Harris, chief general manager and a director of the Phoenix Assurance Company, has been elected chairman of the BRITISH INSURANCE ASSOCIATION. Mr. W. G. Haslam, chief general manager of the Prudential has been re-elected deputy chairman of the BIA and Mr. R. H. Peet, chief executive and a director of the Legal and General, has been elected a deputy chairman.

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Mr. N. H. Gold, Mr. J. M. Hobbs and Mr. A. N. Martin have become assistant directors of MORGAN GRENFELL AND CO. Mr. D. Hoblyn, presently with Grindlay Brandts, will be joining Morgan Grenfell as an assistant director from July 12.

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Mr. Brian Viner, deputy chairman of Viners, has been appointed chairman of the Sheffield and District Branch of the INSTITUTE OF DIRECTORS in place of Col. J. H. Nicholson.

★

Mr. Francis MacKay has become financial controller of the LONDON CO-OP succeeding Mr. Reg Brimacombe, who has retired.

★

Mr. Denis Hardy has been appointed to the Board of TEST AND PRODUCTION AIDS.

★

Mr. R. G. Martin, chairman and chief executive of Tarmac, has been appointed a member of LEGAL AND GENERAL ASSURANCE SOCIETY'S Midlands Advisory Board from January 1, 1977.

★

Mr. Alan Twyford has been appointed sales director of VOLSTATIC HOLDINGS. He was previously general manager, sales.

★

Lord Luke has been reappointed president of the INSTITUTE OF EXPORT. New chairman on the retirement of Mr. Cuthbert Drury, is Mr. George Lockhart. Professor Clive M. Schmitthoff, an international trade lawyer, has become vice-chairman.

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Mr. Richard Denyer, at present deputy director for the Yorkshire and Humberside Region of the British Council, is to be general secretary of the TEXTILE INSTITUTE, based at its Manchester headquarters, from September.

★

Mr. Eviatar Schwartz has been appointed president of FALLEK-LANKRO CORPORATION from August 1, and will be based at the company's headquarters in Tuscaloosa, Alabama. He is at present commercial director of Butts and Harvey, agrochemicals division of Lankro Chemicals Group. Fallek-Lankro is a joint company formed by Fallek Chemical Corporation of New York City and Lankro to m[...] facture in the U.S.

★

Mr. K. H. Holmes has be[...] managing director of Towry Investment and Advisory Se[...] and Towry Law Trust. Mr. Jackson has been made man[...] director of Towry Law (Pe[...] Services). The companies [...] members of the TOWRY group.

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Mr. H. R. Ackland has [...] appointed group personnel [...] tor by ALCOA OF GI[...] BRITAIN and also a direct[...] Alcoa Manufacturing (G.B.) [...] A. W. Demain takes over Ackland's previous positio[...] personnel manager, Alcoa [...] facturing.

★

Mr. A. W. Broughton, mar[...] money market, of ORION B[...] has been appointed an ass[...] director.

★

Mr. K. F. Parry has [...] appointed a director of WES[...] MINING CORPORATION. Parry is the corporation's ge[...] manager in Western Austral[...] the general manager of the [...] division.

★

Mr. Dennis Randall has be[...] chairman of WEST LAYTO[...] Mr. Colin Cole, sales directo[...] ceeds him as managing dir[...] Mr. Clement Keevil, the f[...] chairman, remains on the B[...] The company is a memb[...] the Fitch Lovell Group.

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Mr. M. F. Radford has [...] the Board of BAIN D[...] (INTERNATIONAL).

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Mr. W. S. Kennedy has [...] appointed general manag[...] SINTERED PRODUCTS. H[...] remain a director of Sheep[...] Equipment and general ma[...] of that company's engin[...] division. Mr. R. H. T. Dix[...] been made general ma[...] Sheepbridge Equipment, fc[...] division.

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Mr. Christopher J. Bell ha[...] appointed a director of the CHESTER EXCHANGE INVESTMENT BANK [...] responsibility for northern [...] ties based in Manchester.

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Mr. David M. Vevers has [...] appointed group communic[...] manager of the CHARTERH[...] GROUP and Miss Sally We[...] been made group informati[...] vices manager.

MINING NEWS

Silvermines' better outlook

BY KENNETH MARSTON, MINING EDITOR

IRELAND'S Silvermines, which has acquired a good U.K. investment following in recent years, suffered from low metal prices in 1975 but looks to be heading for a recovery in the present year. Although its operating profits improved slightly last year, the company's 25 per cent. share of the profits of the lead-zinc producing Mogul of Ireland fell to £618,089 from £864,023 in 1974.

After deducting £136,353, being the amount written off freehold property held for future development, Silvermines' net profits for 1975 come out at £266,942 against £451,669, latest earnings being equal to 4.79p per share. A final dividend of 1.5p makes a total of 3p for the year compared with 4p for 1974.

Against the background of recovering metal markets, Silvermines' share of the Mogul profits this year will provide a higher income than in 1975. A speculative attraction is Silvermines' stake, which now amounts to 25.3 per cent., in Aran Energy. The latter Irish offshore oil and gas exploration group is due to start drilling its first well in Block 56/26 this week Silvermines were 53p yesterday.

OK TEDI: BHP GETS MORE TIME

The Papua New Guinea Government has agreed to extend by eight weeks the June 30 dead-line orginally imposed on Australia's Broken Hill Proprietary for the latter to form a consortium to study the feasibility of the OK Tedi copper prospect. Both BHP and the PNG Government are confident that agreement can be reached in time for field work to begin as scheduled in October.

BHP is understood to have formed a consortium with three other overseas and Australian copper mining companies but wanted an extension of some two months to complete formal negotiations.

Drilling to provide an estimate of further reserves in addition to the 150m. tonnes already outlined at OK Tedi was completed in April but the results are not yet available. It was hoped to increase these to between 200m. to 250m. tonnes.

Boss Mountain molybdenum

CANADA'S big Noranda group is to spend another $900,000 (£523,000) this year to continue investigations for a potentially large scale open-pit molybdenum operation at its Boss Mountain property at Hendrix Lake, some 60 miles east of 11 Mile House in British Columbia.

The recently introduced British Columbia Mineral Resources Tax Act, which repeals the iniquitous royalties imposed by the previous Government, has enabled underground work at Boss Mountain to continue through 1977 whereas operations might have ceased this month had the Royalty Act remained.

It is reckoned that the open-pit operation could support a throughput of 20,000 tons per day and the current exploration programme envisages the drilling of 22 more holes to the south and south-east of the property where the ground is still open. A series of 56 holes were put down last year.

RECOVERY HOPES FOR PETALING

Estimated net profits of the Malaysian tin producing Petaling for the six months to last April have fallen to $M1.08m. (£240,000) compared with $2.04m. for the same period of 1974-75. The benefits of a modest increase in tin concentrate production to 687 tonnes from 645½ tonnes and a higher average Penang metal price of $1,005 per picul against $969.50 a picul have been offset by the export restrictions imposed by the International Tin Council.

In the past year, Petaling was able to sell only 487 tonnes of tin ore which meant that stocks at end-April were 417 tonnes of which 289 tonnes could not be sold. Stocks subsequently sold were valued at prices since realised, and those in excess of the quota were valued at cost of production. The unrealised profit on stocks at end-April was $1.3m.

The modest relaxation in export quotas by the ITC and the recent sharp increase in the metal's price (it was $1,167 in Penang yesterday) should enable Petaling to recoup most of its earlier losses in the current half-year. The metal market was given a further fillip yesterday when it was announced that the tin buffer stock held by the ITC had fallen to only 2,820 tonnes at June 30.

ROUND-UP

South African gold holdings were virtually unchanged at R376m. (£246m.) in the week ended June 25 according to latest figures issued by the Reserve Bank. This indicated that the Republic was able to dispose of all its weekly newly mined production, estimated at around 14 tonnes, on the free market.

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Owing to increased costs and lower operational capacity of the company's southern Philippines nickel plant, first-quarter net earnings of Marinduque Mining have slumped to Pesos 3.5m. (£270,000) from Pesos 14m. for the same period of 1975.

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According to New Brunswick's Natural Resources Minister, Mr. Roland Boudreau, the Canadian province is carrying out a full-scale study of its mineral resource tax structure and will implement changes next spring. He says that a flexible policy will be developed to encourage more refining in the province and greater efforts to extract minerals. New Brunswick is a major producer of lead and zinc: companies represented there include Brunswick Mining and Smelting, Heath Steele Mines, the Sullivan group (Nigadoo River Mines) and Anaconda.

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Although the State-controlled Zambia Industrial and Mining Corporation managed to raise its turnover to K1.2bn. (£1bn.) last year its profits dropped to K279.2m. (£245m.) from K523m. in 1975. ZIMCO, indirectly, owns 51 per cent. of Zambia's copper mines and its chairman, President Kaunda, has warned that unless there is a further improvement in the price of copper the group's profits may be down again this year.

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Hargreaves in position to continue expansion

Hargreaves Group is in a strong position now to move forward still further, Mr. D. Peake, chairman, tells members in his annual review.

Capital expenditure on replacement of older and less productive plant and vehicles has been, and will continue to be, maintained —in 1975-76 some £2m. was spent and a further £2.75m. has been authorised for expenditure during the current year.

He states that resources have been released for use elsewhere by the sale in May of certain sections of Hargreaves Industrial Services to Cawoods Holdings and in February, 1976, of the effluent treatment division of E. B. Budon Engineers to Douglas-Rownson International. Earlier this month negotiations were completed with Amey Roadstone Corporation for the sale to them of the sand and gravel interests of Hargreaves Quarries.

These disposals free working capital totalling about £0.66m.

On diversification abroad, Mr. Peake says that arrangements are in an advanced stage of completion for participation in a joint venture with established local interests in Saudi Arabia for the production of high quality blocks for the building industry.

On June 17 it was reported that trading profit was £2.46m. (£2.06m.) and pre-tax profit for the year to March 31, 1976 increased from £2.21m. to £2.57m. The dividend is stepped up from 2.121p to 2.3045p net.

On a current purchasing power basis pre-tax profit was £1.35m. (£2.06m.). However, on a current cost accounting basis, operating profit is estimated at £1.76m. after deducting from pre-tax profit £0.79m. in respect of cost of sales adjustment and £1.21m. in respect of additional depreciation and after adding £1.19m. in respect of the CPP adjustment to net monetary liabilities.

On a CPP basis the total equity interest at March 31, 1976 is £13.38m. (£16.02m.) compared with £11.39m. (£10.6m.) historical.

Meeting, Wetherby, West Yorks, July 27, 11 a.m.

Chairman's statement Page 22

Profit down at BET Omnibus

Pre-tax profit of B.E.T. Omnibus Services, a member of the B.E.T. Group, decreased from £3.27m. to £2.49m. in the year to March 31, 1976, and the net balance is down from £1.65m. to £0.86m., including extraordinary credits of £0.28m. (£0.14m.).

Earnings per 50p Ordinary unit decreased from 15.9p to 5.45p, and from 17.45p to 8.8p after extraordinary items. A final dividend of 8p makes a reduced total of 13.5p (17p) net.

	1975-76 £	1974-75 £
Turnover	[illegible]	[illegible]
Trading profit	50,216	[illegible]
Associate share	3,586,379	3,679,475
Investment income	15,234	9,997
Interest payable	1,173,420	[illegible]
Profit before tax	2,488,655	3,269,899
Taxation	1,913,930	1,754,865
Net profit	574,825	1,514,034
Extraord. credits	283,285	179,421
Pref. dividends	84,000	84,505
Ordinary dividends	1,215,000	1,530,390

Profit was adversely affected by the continuation of the losses incurred by the Murphy Bros. subsidiary.

All fixed price civil engineering contracts made in earlier years, which contributed to the losses, have now been completed, and the estimated net losses on the contracts up to their completion have been provided for in the accounts, the directors say.

In Germany, the trading of the Murphy Bros. subsidiary, Junk and Gruber, was affected by depressed trading conditions in the German construction market, which still exist.

Results of the Grayston subsidiary and the share of profit of the associated company maintained expected levels.

£0.3m. loss by Goldring: no dividend

ON TURNOVER down from £2.1m. to £1.69m. and after exceptional expenditure of £42,372 against £28,461, sound reproduction equipment makers Goldring made a pre-tax loss of £296,222 for 1975 compared with profits of £19,849.

At halfway, reporting a loss of £76,088 against profits of £110,670, the directors said they were hopeful that losses in the second six months would slow down.

They now say that the recession affecting the Hi-Fi industry deepened during 1975 and sales were further affected by the increase in VAT.

Sales in the early part of 1976 continued to be disappointing but there are signs that the reduction in the rate of VAT will have a favourable effect. Export sales are recovering, they add.

Exceptional expenditure in 1974 and 1975 relates to costs arising from the transfer of factory facilities to Bury St. Edmunds. It is hoped to recover this expenditure from the local authority of London.

There is a tax credit of £78,031 against a charge of £15,036. No dividend is being paid compared with a net total of 1.05p for 1974.

Brentnall Beard 200% scrip

PRE-TAX PROFIT of insurance brokers, Brentnall Beard (Holdings) increased from £163,038 to £209,122, in the half-year to March 31, 1976, and the chairman, Mr. F. Brentnall Beard, says he sees the rate of growth continuing to give a substantial increase in profit for the year over the £325,863 for 12 months to September 30, 1975.

Earnings per 10p share for the six months were 4.04p (4.23p). The interim dividend, on capital increased by a rights issue, is raised from 1.316p to 1.448p net, and a two-for-one scrip issue is proposed. Last year's final was 1.805p.

The rise in profits stemmed from an increase in brokerage derived from expansion both in the U.K. and abroad with the main impetus coming from overseas, says the chairman.

Efforts to obtain premium from the U.S. proved successful, good contacts have been made there, and Brentnall Beard Inc. in conjunction with associates were incorporated to undertake the servicing of the American business. He anticipates that useful profits will be generated by this company.

Elsewhere overseas he is "well satisfied" with continued progress and growth.

Lamont provisions

Lamon Holdings, the engineering, financial services and property concern from which former Slater Walker director, Mr. Tony Buckley recently resigned as group managing director, has made taxable profits of only £3,000 in 1975, compared with £54,643 the previous year.

Referring to Mr. Buckley's appointment with the intention of expanding the company's financial services division, Lamont's chairman, Sir Desmond Lorimer, states:

"As a first stage of this expansion, we began discussions with London and European Group with regard to merging our various and complementary activities in financial services and investment banking. These negotiations continued until March of this year, at which point we decided to withdraw and continue our development in this field independently. At the same time Mr. Buckley gave up his executive position with the company and has since left the company's service."

He adds: "We have made provision in the accounts for a write-off of £102,000 in respect of investments connected with those developments which were entered into at the end of last year. Further similar type investments made in the early months of this year will require the company to make additional provisions of approximately £50,000 in the current year."

The dividend is maintained at 0.7p per share.

Scotcros forecasts profit rise

ANOTHER good increase in profits in the current year is forecast by Mr. W. R. Alexander, chairman of food and engineering group, Scotcros. In the long term, there is considerable scope for further growth, he says.

Apart from the planned and steady growth of existing operations in the U.K., the directors have been studying opportunities for expansion by acquisition and business development in Europe.

As reported on June 9, pre-tax profits for the year ended March 31, 1976 were up from £600,000 to £731,000. The dividend is 2.639p (2.417p).

A statement of the source and application of funds shows a net increase in cash and cash equivalents of £1.09m. (£118,000).

Most divisions did well, says Mr. Alexander, with food services and engineering ending the year at a record rate of profitability. The packaging company broke into new markets, established itself in the cosmetics trade and was adding to plant capacity.

The specialist body building company at Dumfries increased its sales force and current demand was at high level for both existing and new products.

Chairman's statement Page 24

Midterm leap by Vectis

On the turnover up from £2.68m. to £3.45m., pre-tax profits of Vectis Stone jumped from £78,000 to £125,000 in the half year to March 31, 1976 and the directors say that full-year profits will exceed £248,000 of 1974-75.

The interim dividend is lifted from 0.455p to 0.5p net costing £25,863 (£23,535). Last year's final was 0.754p.

Tax is estimated at £68,000 (£44,000) for the half year leaving net profits of £57,000 (£34,000).

The chairman, Mr. J. Collins, says demand for materials by the building industry was greater than anticipated because of the mild winter. Plant hire and civil engineering activities have not achieved their full potential due to the absence of major civil engineering contracts.

As road haulage losses in Coventry continued, trading was ceased there in March. The losses have been deducted in arriving at profits.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Rate Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	10½	8½	Automated Sec. 10p	9¼	...	40.66	2.5	10.3	5.8
—	F.P.	—	£26¼	£21¾	Bank Pacific F.L.U.S$	£26	−¼	40c	—	0.8	—
$18,500	F.P.	—	[illegible]	[illegible]	[illegible]	$9,600	...	—	—	—	—
—	F.P.	—	£28⅝	£25	Eastern Corp. US$1	£28	−⅝	$1.25	—	4.2	—
—	F.P.	—	31⅞	30½	[illegible]	£30¾	−⅛	Q$1.52	—	2.8	—
47	F.P.	9.7	45	41	Wilson Walton 10p	42	...	3.18	2.1	11.9	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
£99	£50	25.8	49½	47⅛	Birmingham Corp. 11¾% Red. Stock 1983	49¼	...
£100	—	—	102½	100	Debenhams 11% Conv. Uns. 1995-6	£100	...
$100	F.P.	—	96¾	96½	[illegible] Notes [illegible]	$96½	...
$[illegible]	Nil	—	$99¼	$99	Lloyds Eurofinance Guar. Floating N'tes 1985	$99	...
[illegible]	F.P.	23.7	99¾	98½	Newcastle & Gateshead 8% Red. Pref. 1981	98¼	...
$[illegible]	Nil	—	101	[illegible]	Royal Bank of Scotland Floating Rate 1984	$101	...
$100	F.P.	—	102¼	99½	Sandvik 9½% Bonds [illegible]	$100	...
£95¾	F.P.	25/6	£98	£96¼	Scottish Agric. Secs. 14% Deb. 1995	£95⅝	+¼
[illegible]	F.P.	8/7	120	110	[illegible] Conv. [illegible]	115	−1
[illegible]	F.P.	30.7	98¼	97½	Sunderland and S. Shields Water 8% Red. Pref. 1981	97½	−1¼

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or −
115	Nil	9.7	13.8	23	16	A.A.H.	16pm	−1
58	F.P.	16.6	6.8	71	64	Bejam Group	70	−1
70	F.P.	1.6	9.7	104	99	[illegible]	102	
35	F.P.	21.6	19.7	42	34	[illegible]	34	
38	Nil	—	—	4	3½	Charterhouse Grp.	3pm	...
14	F.P.	16.6	30.7	17½	14½	[illegible]	15	...
28	Nil	9.7	6.8	4	1½	Downs Surgical	2pm	...
140	F.P.	28.6	26.7	171	168	Dunbee-Combex-Marx	170	...
8½	F.P.	25.6	16.7	9½	[illegible]	Elswick-Hopper	8½	...
305	F.P.	27.5	2.7	404	[illegible]	Heath (C.E.)	400	
330	F.P.	10.6	2.7	378	342	I.C.I.	359	−7
47	F.P.	—	—	62	57	Lesney Products	62	+5
57	F.P.	3.5	26.7	71½	61	Lloyd (F.H.)	64	−½
180	F.P.	28.6	9.7	217	182	Lucas Inds.	215	+5
35	F.P.	11.6	2.7	38½	33	Mathews (Wm.) & Denny M[illegible]	34	
120	F.P.	11.6	9.7	[illegible]	136	[illegible]	156pm	+1
21	F.P.	22.6	20.8	23	22¼	Priest (William)	22½	...
47	F.P.	10.6	23.7	[illegible]	[illegible]	Ransome, Hoffmann, Pollard	54½	−½
56	Nil	—	—	5½	3½	600 Group	5½pm	+½
32	F.P.	16.6	23.7	35	[illegible]	[illegible]	34½	+½
[illegible]	F.P.	18.6		128	83	Western Mining	121	−1
60	Nil	9.7	20.8	29	24	W.G.I.	28pm	+1
70	F.P.	—	—	71	47	[illegible]	52	...

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend cover based on previous year's earnings. [illegible]

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Neckermann listing suspended in W. Germany

BY GUY HAWTIN FRANKFURT, June 30.

DEALINGS in the shares of Neckermann Versand were suspended on the West German Stock Exchanges this morning—a day before the store and mail order group's annual meeting. The management asked for the suspension of the quote following a bout of speculation in the shares, prompted by takeover rumours.

Later Neckermann — West Germany's third largest store group—called a surprise Press conference to announce that plans are afoot for Karstadt, the country's largest departmental store operator, to acquire a substantial part of Neckermann's equity. No details of the size of the holding were given. It was described as a good "schatel"—which implies a holding of over 21 per cent.

Betting here is very heavy that Karstadt hopes initially to buy all of the Neckermann family's estimated holding of around 26 per cent. in the Frankfurt-based group.

The Press conference, however, refused to disclose the size of the family's holding, and stated the strategy as for Karstadt and the family to pool their shares.

The management believes it will not receive any opposition to the deal from the Federal Cartel Office in Berlin. It points out that the new group would control only 3 per cent. of the German retail market. But it is hard to believe that the deal will receive an unreserved welcome from the Cartel Office. Neckermann's turnover last year totalled DM3.52bn. while Karstadt's sales amounted to DM7.71bn.

The combined sales of the two groups would far outstrip that of their nearest rival Kaufhof, which in 1975 generated turnover over DM6.69bn. Some observers here feel that the Cartel Office would be hard put to maintain its position on the Sachs/GKN deal if it approved a Karstadt-Neckermann link-up.

Neckermann has had profit problems for some time. Last year it would have made a substantial loss despite a 19 per cent. increase in sales had it not sold out its 39.35 per cent. interest in Necura Neckermann Versicherungs to Nationwide Mutual Insurance of Columbus, Ohio.

The sale of its insurance interest at a DM9.2m. profit largely went to offset the 1975 loss of DM10m. reported by its stores division. The DM5.4m. net profit earned by its travel business allowed it to report meagre net profits of DM4.2m.—well down from the previous year's DM12.04m. Even so, it had to pass its 1975 dividend, which meant short commons for shareholders who received only 6 per cent. in 1974.

Veba revival highlighted by oil improvement

BY GUY HAWTIN FRANKFURT, June 30.

RATIONALISATION measures, coupled with the economic upturn have brought about a measurable improvement in Veba's fortunes. Things are going better in all sectors, but of particular importance is the news that the group's heavy oil refining losses have been virtually halved.

Veba, West Germany's leading energy concern, is—in terms of sales—the Federal Republic's largest industrial group and Europe's biggest public undertaking. Last year's recession cropped profits by DM75m. to DM152m. (£33m.) on a turnover of DM25.42bn. (£5.5bn.) largely as a result of heavy losses in the oil sector.

Herr Rudolf Von Bennigsen-Foerder, chairman of the Veba executive board, said that the first half's results this year looked far better. Apart from the improvement in the oil sector, demand for electric power had picked up considerably, the chemicals sector had been operating in the black since June and, as the country's largest beer bottle manufacturer, the group's glass operations were expecting a boost from the heat-wave.

In the first five months the concern's turnover rose 15 per cent. on the previous year's performance to DM11.4bn. Power demand, spurred by industrial recovery, surged ahead. Output by Preussen-Elektra was up 11.4 per cent., while Vebakraftwerke Ruhr—in the country's industrial heartland—reported an increase of 24 per cent. Both were well above the West German average of 8.4 per cent.

Electricite $500m. credit

BY MARY CAMPBELL

THE MASSIVE stand-by financing arrangements to back up issues of commercial paper in New York by Electricité de France were signed yesterday. The amount of the credit was finally set at $500m. after subscriptions of about double the originally scheduled $300m. had been received.

The credit offers participating banks a commitment fee of ⅜ per cent. per annum if, as is expected, it is not taken up. If taken up, banks would earn a margin over inter-bank rates of 1¼ per cent. for the first two years and 1 per cent. for the last five years. The lead managers are Crédit Lyonnais and Morgan Guaranty.

* * *

In the Eurobond market, the Austrian Genossenschaftliche Zentralbank has launched a $25m. five-year floating rate issue with Warburg's as lead manager. The issue offers the usual quarter point spread with a 7½ per cent. minimum.

National Westminster's $50m. 10-year issue has been priced at par on the indicated 9 per cent. coupon and NYK's $20m. five-year issue at 99¼ on the indicated 8¾ per cent. coupon.

CGE defends its policies

BY RUPERT CORNWELL IN PARIS

FOR THE FIRST time in years, searching questions are being asked about Cie General d'Electricite (CGE) — long established as France's biggest electrical group, and one, it seemed, that could do no wrong. CGE was involved in almost every one of the country's high technology projects. Confident and assured, it symbolised as much as any other company the astonishing emergence of France as a front-line industrial power.

Different animal

The past 12 months have wrought momentous changes in its make-up. CGE has been deeply affected by the well-publicised decision taken by the French Government, reshaping its nuclear, computers and telecommunications policy — and, to put it mildly, the company's views have not prevailed everywhere. The CGE of June 1976 is a different animal from that of 1975: the question is whether it is a stronger one or a weaker one. But first, a brief recapitulation of the events.

In May last year, President Giscard d'Estaing decided to merge CII, in which CGE along with its "sweet enemy," Thomson, was the major French private shareholder, with the U.S.-controlled computer group, Honeywell-Bull. In doing so, he finally did what CGE had been telling him for more than a year. Three months later, though, came a severe blow: the Government's choice of the BWR reactor offered by Baron Edouard-Jean Empain's Creusot-Loire group as the sole technology for the ambitious civil nuclear programme planned by the State electricity authority, EDF, at the expense of the BWR reactor developed by CGE under licence from the U.S. General Electric.

Then, in May 1976, arrived the third headline-making decision—orders placed by the PTT for both semi- and fully electronic telephone exchanges as part of the headlong drive to give France a worthy phone service within seven years. In the process, Thomson, at a stroke, gained some 36 per cent. of the French phone market, compared with 37 per cent. for CGE.

At best this was a mixed bag for M. Ambroise Roux, the 55 year-old president of CGE, and a man who for his mangement skills and forceful outspokeness on behalf of industry as a whole has been likened to GEC's Arnold Weinstock. The news magazine Le Point caught the mood with its headline a month ago: "What's happening to CGE?" it asked. "In its major activities, the company is losing either its hopes or its leadership. Industrial failures or a political conspiracy?" Le Point enquired in the staccato style beloved of the French weeklies.

The man at the centre of the storm, however, has not lost his usual self-confidence, nor the forbidding articulateness born of training at the Ecole Polytechnique, followed by a period as a top official in the Industry Ministry. More to the point, M. Roux produces bountiful evidence that the company he has run for 13 years is firmly on the rails.

Perhaps the least important aspect is the financial state of the group, which in typical French style is moulded around the holding company CGE itself, from which radiate th ebig subsidiaries: Cit-Alcatel for telephones, Alsthom for heavy electrical equipment, as well as the 19 per cent. holding in CII-Honeywell Bull through which CGE will exert the guiding responsibilities it has been promised in the new computer group.

Consolidated earnings will be sharply higher this year, after 1975's fall to Frs.141m. (£16m.). Alsthom's well documented problems (a Frs.115m. loss last year) are receding, and sales are set to jump 15 per cent. from 1975's Frs.17.4bn. (£2.1bn.). The group's cash position has improved by Frs.1bn. since the start of 1975, and as M. Roux told shareholders last week, orders in hand now stand at Frs. 25bn., equivalent to 17 months' work.

"At least the bourse now has no worries about us," M. Roux says, but these figures give scant clue to the events of the last 12 months. The most clear-cut reverse was the power station decision. "The nuclear business was a failure, let's not talk about it anymore." With the choice of cruesot-loire, not only for the reactors but also to lead the consortium in Novatome, the company handling France's fast breeder programme, CGE saw the end of its hopes to become a genuine French equivalent of Siemens.

It was this development which led to the growing concentration of the group on computers and telecommunications, two areas which in any case overlap increasingly as exchange equipment becomes more sophisticated: not only on Honeywell-CII, which M. Roux is confident will prove

M. Ambroise Roux

not only an industrial but also a financial winner, but on the mini-computer field where the Industry Ministry is taking a close interest. CGE has bought a further 21 per cent. of the peripherals concern Sintra, lifting its stake to 37 per cent. and virtual control. The goal is to merge Sintra with Intertechnique, thus creating a second grouping to balance the Thomson-Telemecanique combination already taking shape.

It is, though, the telephone sector which has raised the greatest doubt about CGE, and on this subject alone does M. Roux come anywhere near losing his unflappability. "I am flabbergasted by the Press," he says. "The contracts allocation by the PTT has been presented as a triumph for Thomson, and a defeat for us, but look at the facts. More lines have been ordered using our time division switching (electronic) exchanges than the spatial where Thomson has bought in."

The facts bear him out. Over the period 1975-1980, orders announced by the postal ministry total 2.5m. lines for the fully-electronic exchanges of CGE, and "only" 1.84m. lines employing the space switching exchanges. It is now up to M. Roux to deliver the goods, and he has no doubts.

Cit-Alcatel had already installed 100,000 lines using the E-10 technique — which CGE claims is in advance of anything elsewhere in the world—by April this year. The current capacity of its Treguier plant in Brittany is 200,000 lines a year but this can be extended without problems. Then there is the more advanced E-12, for which a prototype was ready last January. Amid all the excitement CGE's deal of March, 1974, with Plessey seems to have been pushed into a siding. "Slow and dignified progress," M. Roux talked of, but the private feeling in Paris is that the British side made too much of the agreement for the "Felicite" exchanges that the two groups would develop jointly. In any case it might have made CGE hold back on the E-12.

The other source of hope for the group is the new alliance forged between Alsthom, a supplier of not only generators and turbo-alternators but also diesel engines, and the fast diversifying shipbuilding group Chantiers de l'Atlantique. The merger was proposed by the two companies, and at first apparently caught M. Roux off guard. But it fitted in with the strategy of having two separate suppliers of nuclear equipment to the EDF. The earlier option of linking Alsthom with Creusot-Loire would have created one monolithic entity, with sales of around Frs.25bn.

Now if the new reorganisation which the Government would like to see, combining Alsthom-Atlantique with Cie Electro-mecanique (CEM), the other French turbine maker and an offshoot of the Swiss-based Brown Boveri, goes through, this scheme will take effect. M. Roux talks of the "extreme necessity" for such an understanding, and the reticences seem to be on the part of CEM.

Even if the plans fail, Alsthom will be in a much healthier position. Allied with Chantiers de l'Atlantique it will be part of a Frs.9bn. (£1bn.) engineering group, already dubbed a "Mitsubishi a la Francaise," and less exposed to the whims of a sole major client, the EDF, especially when nuclear orders are being cut back.

Nagging question

All this, though, does not answer a nagging question in the back of many minds: has M. Roux lost the favour of the government, after his close relationship with the late President Pompidou—in other words is his successor at the Elysée Palace determined to cut him down to size by giving deliberate priority, first to Baron Empain's Schneider group and Creusot-Loire, and then in telecommunications to Thomson? Such suppositions are easy in the tight world where French ministries and industrialists overlap, but M. Roux is scornful. "If there was a vendetta against me on telephones, then it hasn't worked. On CII, I could never get the idea past President Pompidou, but Giscard finally came round to my point of view." But there is an undeniable pleasure in helping a giant down from his pedestal, which may partly lie behind the present criticisms levelled at CGE. M. Roux seems implicitly to accept this. "I take clear-cut positions on behalf of industry, as Vice-President of the Patronat, and I do take risks." Reports of his demise, however, seem somewhat premature.

Strong-ar[m] tactics at Marubeni meeting

OSAKA, Jun[e]

MARUBENI, which has [been] investigated in connectio[n with] the Lockheed pay-off sc[andal] held its shareholders' g[eneral] meeting this week and th[e] man with a question [was] quickly silenced by stro[ng-arm] men.

"I want to speak. I [want to] ask something of the [com]pany," the man said. [...] men in sunglasses imme[diately] ran over and hit and [...] him. They were arres[ted by] police at the meeting.

Such strongarm men [are on] hand at most company [share]holders' meetings in Ja[pan to] prevent stockholders [from] raising embarrassing qu[estions] or protests.

Marubeni was Loc[kheed's] sales agent in Japan. A [former] managing director, To[...] Okubo, has been arres[ted on] charges of perjury [before] a Parliamentary com[mittee] investigating the scanda[l].

Taiichiro Matsuo, Ma[rubeni] president, told the [...] there were no groun[ds for] allegations that Marube[ni] passed money from Lo[ckheed] to Japanese Governme[nt offi]cials to influence aircra[ft ...]

Matsushita's aim

MATSUSHITA Electric [...] trial after-tax non-cons[olidated] profit of Yen 20.3bn. [in the] first half year ending [May] 20 (Yen 15.7bn. for th[e same] period last year).

Gross sales were Yen [...] (499bn.) and the inter[im divi]dend Yen 5 (same), [Reuter] reports from Osaka.

Matsushita is aimi[ng at] record gross sales [of Yen] 1,267bn. for the full ye[ar end]ing on October 20, co[mpared] with Yen 1,065bn. pre[viously].

Profit before tax and [extraordinary] items is expected to b[e more] than six per cent. o[f] sales and net after-ta[x] about three per cent. [of] sales.

Hotel deal

FAR EASTERN Hotel [Devel]opment said it propose[s to sell] the Singapore Hilton F[or] S$35m. to raise finance [for the] purchase of four logg[ing ves]sels costing $US22.2m.

Answering Singapo[re Stock] exchange queries it [...] paid $HK36.24m. as de[posit for] the vessels, Reuter [reports] from Singapore.

Fermiers Reunis

STE. DES FROMAGE[RIES ...] said it has bought a[...] cent. stake in SA Des [Fermiers] Reunis for Frs.22m. f[rom] Genvrain, Reuter repo[rts from] Paris.

Fermiers Reunis ha[s a turn]over of about Frs.27[...] year, and specialises [in ...] products as does Fro[mageries] Bel.

Conoco forecast

CONTINENTAL Oil [...] expects that 1976 earn[ings will] be substantially ab[ove last] year's $331m. or $3.25 [...] Deputy Chairman [...] Kircher told security [analysts].

The per share f[igure is] adjusted for a recent [two-for-]one stock split, Reute[r reports] from Stamford, Conn.

He said the upward trend of the first qua[rter] continued, but predi[cted] improvement for the [...] will be less dramatic [than the] first quarter.

Conoco, for the fi[rst three] months, earned $142.9[m. ...] per cent. from the yea[r-earlier] period.

Gollin group goes into liquidation

BY JAMES FORTH SYDNEY, June 30.

GOLLIN HOLDINGS, international trading group, has been placed in voluntary liquidation after an undisclosed loss in the February half year. The company was due to announce the extent of the loss to-day, or face Stock Exchange suspension of trading in its shares.

Instead, after a day of consultations with the company's bankers and financial advisers, Gollin announced that Mr. G. J. Harvey and Mr. P. W. Hosking, both partners in Price Waterhouse and Co., had been appointed provisional liquidators.

Gollin has been in liquidity difficulties since its shock announcement last October of losses for the year to August 1975 totalling $A18m.

The Sydney Stock Exchange at the time criticised the company and said it believed directors had seriously breached listing requirements, because a few days before, they were queried by the Exchange over a sharp drop in the company's share price and said they knew of no reason why this should happen.

Gollin earned a record profit of $A3.7m in 1973-74 and in December of that year the chairman forecast that results for 1974-75 would be at least as high.

Later last year Gollin embarked on a $A20m. asset realisation programme in an attempt to reduce its liabilities and lower its high interest bill. The programme is now complete and the group has sold much of its interest in coal, wine and sporting goods. It has also been forced to reduce its equity in a $A60m. coal loader being built from 85 per cent. to less than 10 per cent.

Last February the company said it had obtained new lines of credit from its bankers which gave it a further breathing space. The appointment of a provisional liquidator was made at the request of the company. It is possible that secured creditors could take action to appoint receivers over assets pledged as security which could complicate the chances of a reconstruction.

Gollin chief executive Mr. Keith Gale is hopeful that a reconstruction of the group is still possible. "We hope that the appointment of the provisional liquidators will provide a moratorium period during which a reconstruction can be carried out," he said. "Since last year's loss we have been working on a group rationalisation and have made quite a good deal of progress. But obviously permanent finance arrangements had to be made for Gollin to continue. Because we have a large number of banks and a multiplicity of interests we have come to the conclusion that it is impossible to reconstruct without the assistance of a provisional liquidator."

Optimism at Perrier

By Robert Mauthner

PARIS, June 30.

PERRIER, the large French mineral water and dairy group, is facing the future with optimism after a near-disastrous 1974-75 financial year during which it was on the verge of a serious liquidity crisis.

Between October, 1975—the beginning of the current financial year—and the end of June this year, group sales of mineral waters and other soft drinks have risen by 2 to 3 per cent. in volume and can certainly be expected to increase more steeply this summer as the result of the exceptional heatwave which has hit the country.

Among the other important factors which have led the group to adopt a more sanguine view of prospects in 1976, after its consolidated net loss of Frs.15.4m. in 1974-75 (compared with a net profit of Frs.26.4m. the previous year), are the Government's authorisation this month of price rises for mineral water, which will bring in an additional Frs.60m. in a full year.

Perrier's financial situation has been further eased by the sale of its 29 per cent. stake in the Genvrain food group to the Felix Potin-Primisteres supermarket organisation, which realised Frs.40m., as well as the much better performance of its dairy subsidiary Preval.

IBM computers launched

BY TED SCHOETERS

UNDER growing pressure from many competitors, IBM yesterday brought out two new medium to large-scale computers in its System 370 range which will straddle the price range from £300,000 to £600,000 and inject new technology to counter the advances made by rival companies.

As foreshadowed in the Financial Times two weeks ago, the launch was a worldwide one. Its primary effect will be to make available to computer users lower down the range a facility hitherto available only on the larger IBM machines. Called "virtual machine" technology, it allows the user to present any task to the computer without having to consider whether it has enough capacity available for the job at that moment.

Apart from the two new central computers—138 and 148—the company has also brought out replacements for the 135 and 145 (now several years old) which the first two would normally have been expected to supersede. This is a significant move, since it recognises that users of the older machines have invested a considerable amount in the development of operational routines which are suitable only for that type of equipment—not the virtual machine series.

But IBM does point out that the two new virtual units provide 38 per cent. more processing power than the earlier models. Whether people who do not want virtual machines will agree is a moot point.

The European manufacturing centres for the 138 and 148 will be in France and Germany respectively.

Litton threat on U.S. Navy ship

LITTON INDUSTRIES, one of two U.S. naval shipbuilders in dispute with the Government over cost overruns, yesterday told the Navy it will stop work on four ships on August 1 unless its claims are met. The company says that the cost overruns are the result of inflation and constant changes of design by the Navy and some $2bn. is outstanding in claims.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1983	104½	105
Ashland 8pc 1987	96½	97
Austrswiss 8pc 1987	93½	94
BFCE 8½pc 1980	100½	101½
CNE 9½pc 1985	100½	101
Conoco 8pc 1986	99	99½
ECS 9½pc 1988	101½	102
EIB 9½pc 1985	102½	103
ERAP 9½pc 1985	102½	103½
Esso 8pc 1986 Nov.	100½	101½
Eurofima 8½pc 1983	100	100½
Granges 9½pc 1985	101½	102½
Massey 9½pc 1982	104	104½
Michelin 9½pc 1986	101	101½
Modo 9½pc 1983	101½	102½
Nwfdld. Labrador 9¾pc '86	103½	104
New Zealand 9½pc 1982	103½	104½
Norpipe 9½pc 1986	100½	101½
Norsk Hydro 9½pc 1986	103	103½
Oslo 9pc 1988	100½	101½
Pacific Light 9pc 1988	94½	95½
Prov. Quebec 9pc 1984	101½	102
Scanraff 8½pc 1988	100½	101
SFE 9pc 1983	101½	102½
Shell 8pc 1986	99	99½
Stand. Oil (Ind.) 8½pc '88	103½	104½
Svenska Handels 9½pc 1986	101½	102½
Volvo 9½pc 1985	102½	103½
NOTES		
Barclays 9½pc 1982	102½	103
British Gas 9pc 1981	101	101½
Charb. France 8½pc 1981	99½	100
Denmark Mt. Bk. 9pc 1983	100½	101½
ECS 8½pc 1981	101	101½
EEC 8½pc 1982	97½	97½
Electricity Council 8¾pc '81	100½	101
Montreal 9½pc 1983	102	102½
Nippon Steel 9½pc 1980	102½	103½
Norway 8½pc 1981	101½	102½
Prov. Quebec 8½pc 1981	101½	102½
Seagram 9pc 1983	102½	103½
Source: White Weld Securities London		
CONVERTIBLES	**Bid**	**Offer**
American Express 4¼pc '87	78½	80½
Ashland 5pc 1988	88	85
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4½pc 1992	112½	114½
Borden 5pc 1992	98	98
Broadway Hale 4½pc 1987	75½	77½
Canon Camera 7½pc 1989	136	138
Carnation 4pc 1987	79	81
Chevron 5pc 1988	118	120
Dart 4½pc 1987	75	77
Eastman Kodak 4½pc 1988	116	118
Economic Labs. 4½pc 1987	75	77
Fed. Dept. Stores 4½pc '85	112	114
Firestone 5pc 1988	88	90
Ford 6pc 1986	96	98
Ford 5pc 1988	85	87
General Electric 4¼pc 1987	84	86
Gillette 4¼pc 1987	74	76
Gould 5pc 1987	95	97
Gulf and Western 5pc 1988	101	103
Harris 5pc 1992	87	89
Honeywell 6pc 1986	81	83
ITT 4½pc 1987	71	73
Komatsu 7½pc 1990	104½	106
J. Ray McDermott 4¾pc '87	140	142
Mitsubishi Elec. 7½pc 1991	104½	106
Mitsui 7½pc 1990	102	103½
J. P. Morgan 4½pc 1987	117	119
Nabisco 5½pc 1988	91½	93½
Owens Illinois 4½pc 1987	102½	104½
J. C. Penney 4½pc 1987	78	80
Pioneer 6½pc 1988	290	295
Revlon 4½pc 1987	106	108
Reynolds Metals 5pc 1988	87	89
Sperry Rand 4¼pc 1987	100	102
Squibb 4½pc 1987	74	76
Texaco 4½pc 1988	74½	76½
Toshiba 6½pc 1990	111½	113
Union Carbide 4½pc 1982	119	121
Warner Lambert 4½pc 1987	83	85
Warner Lambert 4½pc 1988	79	81
Xerox 5pc 1988	75½	77½

Source: Kidder Peabody Securities.

FINANCIAL TIMES SURVEY

Thursday July 1 1976

COLON FREE ZONE

Panama has long thrived on the currents of international trade. World recession has inevitably cut down the flow, but the country's plans for the future remain strongly linked to its entrepot locations. One such is the Colón Free Zone, whose operations and prospects are discussed here by ALAN RIDING.

Latin American supply centre

WALK down Panama City's main thoroughfare is enough to disabuse anyone who thinks Panama is *only* a canal. First, lines of modern buildings carrying the names of banks from all over the world proclaim the country's emergence as Latin America's principal financial centre. Then, as the broad Avenida Epsaña gives way to the narrower Avenida Central, dozens of shops run by Indians and Chinese offer a great variety of imported goods at prices to be negotiated with every sale. Outside the shops, lottery vendors sit shoulder-to-shoulder as living monuments to Panama's unswerving pursuit of the buck.

It may, of course, be true that Panama would be little without the Canal. A look at the relative underdevelopment of Panama's Central American neighbours would even endorse that view. But in the 62 years since the waterway opened to traffic, Panama has grown from a mosquito-infested territory seized from Colombia by the U.S. into a modern nation with its own distinct personality and potential.

To-day, in fact, Panama exists more as a function of its geographic location than of the Canal itself. Its position as an avenue between Atlantic and Pacific Oceans and as a bridge between North and South America is its main natural resource. And the Canal is merely one—albeit important—way of exploiting it. The Colon Free Zone, which now annually handles $1bn. of American, Japanese and European goods being distributed throughout Latin America, is another way.

The regional financial centre also benefits from the country's position half-way between Latin America and the money markets of Western Europe and the U.S., while a trans-Isthmanian oil pipeline and new container ports on each ocean are planned to take further advantage of geography. After all, as one Panamanian explained with unusual solemnity, God made Panama before the U.S. built the Canal.

For first-time visitors who have heard only of the country's vociferous campaign to gain control of the Canal, it is something of a surprise to discover that Panama is indeed more than a canal. But for long-time residents here, excluding the 40,000 American military and civilians hermited in the Canal Zone, the Canal soon becomes secondary to the financial and commercial dealings of everyday business.

For the Panamanian Government and the politicised minority of the population, however, the huge American presence in the Canal and Canal Zone is not considered an irrelevancy. Perhaps had the U.S. dismantled the glaring ghetto of the Canal Zone sooner, eliminating its American flags, police, shops and privileged way of life, Washington would not now be under such local and international pressure to surrender eventual control of the Canal itself.

Affronts

Panama could have still argued that, as with other natural resources first exploited by foreigners but now taken over by local governments around the world, the U.S. could not seriously hope to run the Canal "in perpetuity," as contemplated by the 1903 treaty. But in practice the nationalist sentiments of Panamanians were stirred by more concrete affronts, such as the sight of the Stars-and-Stripes flying in a proprietorial fashion over their territory or the need to pass through *de facto* U.S. when travelling from one half of the country to another.

The negotiations for a new treaty, which have taken place sporadically since the 1964 anti-American riots here and have made rapid progress over the past two years, are therefore aimed primarily at removing these unnecessary irritants. The U.S. has also agreed that the new treaty should have a fixed termination date—probably around the year 2000—but the immediate impact will be the surrender of American jurisdiction over the Canal Zone within three years of a new treaty. In other words, the Canal Zone will soon no longer exist.

To have gone this far in the negotiations is a tribute to the tenacity of Panama's tough dictator, Brig.-General Omar Torrijos Herrero, who for the past six years has bombarded Washington with threatening rhetoric at the same time as mobilising widespread international support for Panama's cause. But hurdles lie ahead. During the American election campaign, former California Governor Ronald Reagan has won votes by campaigning against "giving away" the Canal to Panama. Even if he does not become the Republican Party nominee in August, these patriotic sentiments—"We bought it, we paid for it—and it's ours," is the chauvinist slogan on the subject—may lead the U.S. Senate to withhold ratification of any draft treaty. The draft itself will probably be ready for signature by mid-1977, but no one dare predict when it will enter into effect.

An early treaty would come as an important boost to Panama. As a country largely dedicated to international finance and commerce, it has been badly hurt by the economic upheavals of the past three years. Its growth rate, which averaged 8 per cent. between 1958 and 1972, was only 1.7 per cent. in 1975. For the first time in recent memory, the amount of goods handled by the Colón Free Zone fell last year, although there are signs of business picking up again this year. Inflation, which exceeded 25 per cent. in 1974, has been miraculously brought under control, but the price has been a serious domestic slump.

A new treaty would therefore not only open up important commercial opportunities and pump money into the Panamanian economy, but would also serve as a boost to confidence—for local and foreign investors. Fearful that violence may follow a breakdown in the current negotiations, new foreign investment has been minimal, while foreign banks have only continued to open branches here because they deal in documents and not money. A new treaty coinciding with a recovery of world economic activity, however, would pull Panama out of its economic slump and enable the Government to turn again to its ambitious list of development projects.

Difficult

The impact of a new treaty on Panama's domestic political situation is more difficult to foresee. Conservatives feel it will help strengthen and perpetuate the military dictatorship, while Leftists fear it will consolidate the regime's new relationship with the private sector. As ever, in fact, the Government is full of contradictions. General Torrijos describes his regime as "revolutionary" and he personally wears army fatigues and smokes a cigar as evidence. Yet his Leftism has so far been largely aimed at frightening the U.S. into granting a new treaty and at breaking the power of the wealthy oligarchic families which until 1968 controlled the country's political life.

It is, of course, undeniable that the Communist Party is the only political group allowed to operate openly since 1968. It is also true that several "fellow-travellers" hold offices of influence in the Government, while General Torrijos himself visited Cuba in January this year. Yet during the past eight years the capitalist structure of the country has been enormously consolidated through the growth of the financial centre and of commercial operations such as the Colón Free Zone. This may indeed be a "revolutionary" government, but the posters announcing this fact are pinned up in the State-owned casinos.

Certainly General Torrijos' nationalism on the canal issue should not be confused with deeper anti-Americanism since Panamanian National Guardsmen continue to be trained by U.S. military and an American mining company, Texasgulf Inc., was chosen as a partner in the development of the massive Cerro Colorado copper deposits. Yet while private business opportunities have expanded and profits have remained good, the State's role in the economy has also grown and will continue to grow as new infrastructural projects come on stream in the next decade.

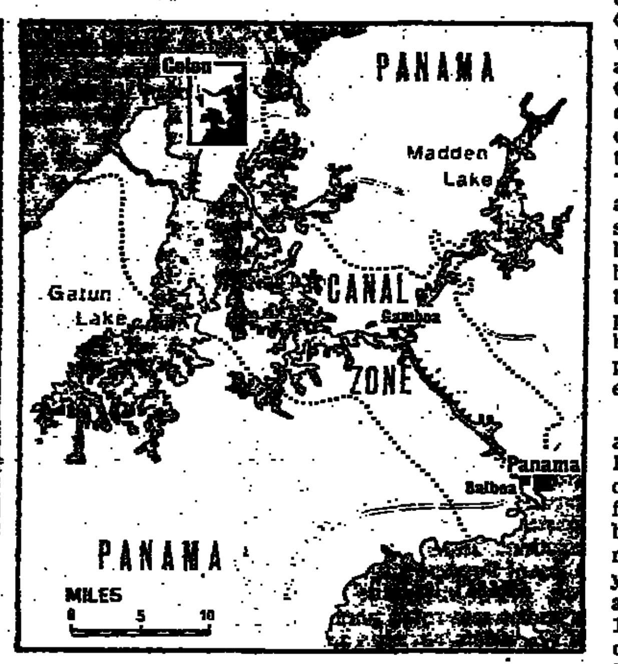
Similarly, while the General has broken the political power base of the traditional parties and has created a new "military" class which now enjoys wealth and privilege, he has also given the country a sense of identity and purpose and has moulded into a nation the mixed descendants of Chinese, East Indians, Jamaicans, Americans, Spaniards and Amerindians that comprise Panama's 1.7m. inhabitants.

In the final analysis, though, General Torrijos seems guided by pragmatism—the need to obtain a new treaty, to develop the country's financial and commercial potential and its agricultural and mining resources, to create jobs for the growing ranks of unemployed and to survive in power. And translated into actions, this has meant tempering the regime's nationalist and revolutionary stances: a willingness to accept less than "everything" in order to reach agreement on a new treaty: and a willingness to move to the Right domestically in order to revive private investment and create more jobs.

In fact, now that Panama is not just a canal, the struggle is to build a country that is also not just a financial and commercial centre. These sectors will remain the pillars of the economy—one reason why sabotage of the canal installations by Panamanians is almost unthinkable—and, like the Colón Free Zone, will continue to benefit from fiscal incentives.

But Panama is still growing as a country. Its copper deposits are soon to be tapped, but its total mineral potential remains unknown. The huge Bayano River Dam was inaugurated this spring, but the south-east of the country towards the Darien Gap is only just being opened up and several years of rapid development lie ahead. Even the tourist industry, which originally coined the phrase ". . . And you thought it was only a canal," has barely started to develop the opportunities for sun-bathing, fishing and hunting vacations.

Because of the economic slump and the uncertainties over the new treaty, optimism is currently in short supply in Panama. But any long-term analysis of the country's current plans and its basic potential cannot fail to be positive. The new canal treaty will be a symbol of the country's coming of age, but Panama already has much going for it.



Panama's rulers seek to revive economy

RELATIONS have never been good between the Government of General Omar Torrijos and the Panamanian private sector. What is different now however, is that the Government seems to care. During the past six months, often led by the General himself, officials have been trying to mend fences with the country's businessmen in the hope of stimulating a resumption of private investment and a revival of economic activity. They have not yet succeeded but the private sector is at least enjoying the flattery.

The main problem with the Panamanian economy is of course its vulnerability to external forces. And with the world economy in upheaval over the past three years, there was no way that Panama could hope to emerge unscathed. As a result, after an annual growth rate averaging 8 per cent. between 1958 and 1972, economic activity grew by 6 per cent. in 1973, by 4 per cent. in 1974, and by just 1.7 per cent. in last year.

The inflation that struck Western nations in 1974 also meant a 25 per cent. rise in prices in Panama, the recession that affected the principal trading nations in 1975 brought the worst slump Panama has known in two decades. Not surprisingly every optimistic report about rising American economic activity is good news to Panamanians.

Nevertheless, there have also been important domestic factors undermining economic growth and confidence, notably the Government's high rate of deficit spending and foreign borrowing and the conservative private sector's distrust of the regime's populist social measures. The 1972 Labour Code is probably still the most controversial law adopted during the past eight years of military rule, but the private sector was also distressed by a 1973 law controlling speculation in urban property and by frequent rises in tax levels.

Compounded by the recession, in fact, private sector criticism of the Government grew to the point that businessmen even called a strike of banks and commerce in January this year when several of their most outspoken leaders were deported. The Government responded by sending soldiers to occupy the headquarters of the Panamanian Association of Business Executives and forcing businesses to re-open under threat of confiscation or suspension of licence.

Initiative

After that confrontation, however, the Government was still left with the problems of a deep economic slump, heavy unemployment and growing popular unrest. It therefore took the unexpected initiative of contacting some liberal businessmen and, through them, beginning peace talks with the entire private sector. As evidence of its good faith, the regime tempered its revolutionary rhetoric and dumped or shunted aside a number of leading Leftists who were in the Government.

The private sector's opening ploy was to present the results of a survey of 1,000 businessmen detailing why 51 per cent. of them were at present unwilling to invest their money in Panama. The Labour Code was given as the main reason, particularly those clauses making it almost impossible to dismiss an employee after more than two years' service. But there were also complaints about the State's increased role in the economy, about the secretive way the regime legislates in the absence of a functioning Congress and about the controversial urban property law.

Of those polled, only 5.5 per cent. planned new investments in entirely new areas, 7.7 per cent. said they would soon be manufacturing new products in existing plants and 11.1 per cent. said they would be expanding their present installations. Most of those not investing said they would probably change their minds if the Labour Code were revised.

The anxiety of the Government to stimulate private investment is reflected in recent hints by General Torrijos that the Labour Code will indeed be revised "so as not to damage small businessmen." During a meeting with businessmen on Contadora Island at the end of May, General Torrijos surprised his audience by stating that "there are some social conquests that go beyond reality and those social conquests that are not real are illusory." He also ordered the formation of a Tripartite Commission—with representatives of Government, business and the trade unions—to study cases where low productivity should be considered sufficient cause for dismissal.

In addition, the Government has picked up a private sector suggestion that mixed public-private groups be formed to advise leading Ministries on matters affecting the economy. A further complaint that the State often imports products rather than buying the locally-made counterpart evoked a promise that the Government will in future give priority to Panamanian goods unless quality is notably inferior. In practice, though, with a current account balance of payments deficit of $240m. last year and a projected deficit of $280m. this year, the Government has no choice but to seek new ways of substituting for imports.

Determine

The extent to which the Government and the private sector can co-ordinate their activities will determine the success of the 1976-1980 Five-Year Plan, which contemplates an annual growth rate of 7 per cent. and the creation of between 100,000 and 120,000 new jobs. In fact, without a recovery of economic activity and confidence, it will even be difficult for the Government to carry out its own ambitious programme of infrastructural projects. Much of the financing for these projects must come from abroad and foreign banks would not be inclined to pump money into a stagnant economy which already carries the burden of an external debt far exceeding $1,000m.

Already some projects, such as the Trans-Isthmian oil pipeline, have been shelved or postponed. The massive Cerro Colorado copper mining project is going ahead, but financing has still to be obtained. Similarly, talk of new fishing and container ports, of new sugar mills and new hydro-electric dams will only become reality with international confidence and foreign funds.

Much will depend on the outcome of the current negotiations for a new Canal Treaty between the U.S. and Panama. If a new treaty is agreed upon and ratified by both countries, this will assuage international fears of possible anti-American violence as well as open up important economic opportunities to Panama. For example, even without considering the commercial possibilities created by Panama's recovery of jurisdiction over the Canal Zone, the annual payments from the U.S. to Panama for control of the Canal itself will increase from $2.3m. to $30m. and $50m., an important sum to a country with a Gross National Product of only about $1,500m. Confident in the likelihood of a new treaty and the viability of the Government's investment programme, Vice-President Gerardo González predicted recently that "Panama is on the verge of extraordinary changes in its economic structure — not of recovery but of development."

Potential

In fact, despite the recent political difficulties, both at home and abroad, Panama's long-term economic prospects must be good if only because of the country's basic resources. For example, its tradition as a regional centre for finance, insurance and commerce will soon be complemented by massive copper exports. The construction of the Panamerican Highway through the Darien Gap — even if, as now seems likely, it will never link up with the Colombian section—is opening up the tropical south-east of the country for agriculture and cattle - farming. Tourism, although growing rapidly, is still only scratching at its potential.

In the pillar sectors of finance and commerce, there are good prospects; more banks are being attracted to the off-shore centre here, while the Colon Free Zone is planning its own physical expansion. And although t[illegible] already a shortage of [illegible] workers. Panamanians [illegible] sharp-witted and quick to [illegible]

Industry is of course t[illegible] brother of the economy, [illegible] ing only 6.5 per cent. o[illegible] loans, competing without [illegible] tive barriers against m[illegible] duced foreign goods and [illegible] a tiny market in which to [illegible] products. In fact, even [illegible] times of economic boom [illegible] margins in industry [illegible] match those of finance a[illegible] merce. The only wa[illegible] industry can become ec[illegible] ally viable, in fact, is t[illegible] specialisation in certai[illegible] ducts and mass produc[illegible] these.

The example of Ja[illegible] perhaps hard to emul[illegible] both Hong Kong—home [illegible] only Free Zone large[illegible] Colón—and Taiwan offer [illegible] from which Panama wo[illegible] benefit. Such an approac[illegible] of course require huge [illegible] of capital, yet this migh[illegible] as inaccessible as so[illegible] imagined. Similarly, t[illegible] ment that wage levels a[illegible] in nearby countries can [illegible] fiably countered with th[illegible] tion that nowhere in th[illegible] is there such a concentr[illegible] semi-skilled literate [illegible] commercial expertise a[illegible] credit as in Panama.

PROJECTED PANAMA CANAL COMMERCIAL TRANSITS

Fiscal year	Atlantic to Pacific Laden	Atlantic to Pacific Ballast	Atlantic to Pacific Total	Pacific to Atlantic Laden	Pacific to Atlantic Ballast	Pacific to Atlantic Total	Total Laden	Total Ballast
1975 (actual)	5,798	929	6,727	5,811	1,071	6,882	11,609	2,000
1976	4,858	934	5,792	5,571	877	6,448	10,429	1,311
1977	5,270	903	6,173	5,602	898	6,500	10,872	1,801
1978	5,435	932	6,367	5,778	853	6,631	11,213	1,785
1979	5,683	930	6,613	6,000	845	6,845	11,683	1,775

PROJECTED PANAMA CANAL COMMODITY TRAFFIC

(Panama Canal net tons m.)

Fiscal year	Atlantic to Pacific Laden	Atlantic to Pacific Ballast	Atlantic to Pacific Total	Pacific to Atlantic Laden	Pacific to Atlantic Ballast	Pacific to Atlantic Total	Admeasurement Rule effect
1975 (actual)	62.6	6.9	69.5	53.8	11.6	65.5	—
1976	54.0	9.7	63.7	54.5	7.5	62.1	1.0
1977	58.9	7.0	65.9	53.5	10.0	63.5	5.1
1978	61.8	7.2	69.2	55.8	9.6	65.4	5.3
1979	65.1	7.4	72.5	58.7	9.5	68.3	5.5

Source: Economics Research Associates.

Giant regional warehouse

THERE IS probably no simpler way of explaining the Colón Free Zone than by pointing out that 70 per cent. of the goods imported arrive here by sea and 60 per cent. of the re-exported products leave Panama by air. In other words, the Free Zone is a giant warehouse deep in Latin American territory where products from around the world are gathered at leisure and despatched around the region at speed.

The reason the Free Zone is in Panama is a function of this explanation. More than 14,000 ships transit the Panama Canal every year and a good many of these dock briefly in either Balboa on the Pacific or Cristóbal on the Atlantic to leave cargo for the Free Zone. Panama is also extraordinarily well linked to the world by air, being served by 30 airlines, including British Airways. "A man came in one morning with a $30,000 order," a leading Free Zone trader told me with undisguised pride. "We packed all afternoon and the goods left Panama on a plane that same evening."

Tradition

But good communications are not the only attraction of the Free Zone. Even before it was opened in 1948, Panama had an important commercial tradition. More than, say, factory workers or farmers, Panamanians are traders at heart, no doubt influenced by the large Chinese and Indian communities here. Because of the large American presence in the Canal Zone since 1903, many Panamanians also speak English, while the U.S. dollar is legal tender.

American standards of efficiency and organisation have even infiltrated the Latin character of Panamanians to the point that punctuality is less scarce here than elsewhere in the region. Finally, the presence in Panama of 74 banks—14 have branches in either the Free Zone or in Colón—has enormously increased the availability of credit for trading.

This said, however, the Free Zone has been passing through a difficult time trying to adjust first to the world-wide wave of inflation and, more recently, to the recession that has affected most of its suppliers and consumers. The value of the Zone's trade—imports and re-exports—last year, in fact, rose marginally to $991m. from $986m. the previous year. But the amount of goods moved fell sharply from 194m. kilos in 1974 to 169m. kilos last year. The way that prices rose as sales fell can be illustrated by the fact that 96m. kilos of re-exports were worth $510m. in 1974 and just 83m. kilos of re-exports were valued at $573m. one year later.

Latin American economies traditionally react belatedly — the lag may be as much as one year—to major economic trends in the U.S. and other industrialised nations. Although confident that the worst is over, the Colón Free Zone is therefore still awaiting clear signs of economic recovery in such important market-places as Colombia, Mexico and Brazil.

When the recovery comes, the Free Zone will be without at least two dozen small trading companies that have been broken by the recession. "The problem with the small companies is that they overtrade in too few lines," one foreign banker explained. "Collapse of demand in an important market, sudden tightening of credit, shortage of liquidity and you are bust."

Ironically, because the recession has not hit all consumer goods uniformly, those large trading companies working in numerous lines have been able to balance their gains and losses and still come out handsomely in the black. Perfumes and pharmaceuticals, for example, have continued to sell well, while demand for cameras and typewriters has shrunk. In fact, as companies have been collapsing at an average of one per month, new companies have continued to enter the Free Zone—28 in 1975 and 19 so far this year.

At present there are over 300 companies established in the Free Zone, but they represent the products of at least 700 companies from all over the world. Many large corporations, such as Eastman Kodak and Joseph Lucas (the only British company here), have their Latin American distribution headquarters in the Free Zone and deal only in their own goods. Then there are a number of powerful trading companies, such as Motta International, Peikard's and I. L. Maduro's, which generally distribute small items such as watches, stereo equipment and expensive carpets to duty-free shops in the region. Finally, there are several warehousing companies which offer storage space and perhaps some other simple service but do not generally go as far as representing the products being stored.

Most of the large internationally-known companies represented here are also involved in some re-packing — if not actual assembling — of goods arriving here from abroad. Almost all the leading American pharmaceutical companies are here — Miles Laboratories, Upjohn, Bristol Laboratories, Schering, Parke Davis, and Syntex among them — and are involved in re-bottling medicine that arrives in bulk. Chanel's distribution company, CUPFSA, on the other hand, merely repacks the sealed bottles of perfumes imported from France.

Labour

Among factors discouraging companies from expanding their manufacturing and assembling operations here, however, are dislike of Panama's 1972 Labour Code, which makes it difficult to dismiss unwanted employees, and the relatively high level of wages here. Consequently the Free Zone has no chance of competing with "in-bond" manufacturing and assembling operations in, say, Haiti, the Dominican Republic, and even along Mexico's northern border, where labour costs are still much lower. At the same time, however, none of these countries can offer the advantages of Colón as a distribution centre for already-finished products.

So what, if any, are the drawbacks to the Colón Free Zone? There is a serious shortage of space because the 100-acre area is closed in on two sides by the sea and on two sides by the town of Colón. But an ambitious expansion programme should double the size of the Free Zone by 1980. In the meantime, though, new companies are having to pay irregular "commissions" of between $5,000 and $10,000 to the Free Zone administration in order to obtain space in the area.

The viability of the operation would also be threatened if the Panamanian Government increased its taxation of the Free Zone companies. At present, normal taxes — a sliding scale from 10-50 per cent. on taxable income from $1.00-$500,000 and 50 per cent. on all taxable income above $500,000—are paid on profits from sales of goods to Panama itself, while until last year there was a 90 per cent. tax rebate on profits from sales outside Panama.

In May 1975, however, the tax arrangements for the Free Zone's foreign earnings were revised upwards. There is now a sliding scale from 2.5 to 8.5 per cent. on taxable income from $1.00 to $100,000 and a fixed 8.5 per cent. tax on profits above $100,000. Stated differently, a company that previously earned $500,000 of profits on sales abroad would have paid $25,000 in taxes; now it will pay $42,500. But there are new tax discounts available of up to 1.5 per cent. for companies employing more than 200 Panamanians, a reflection of the Government's basic view of the Free Zone as a source of employment for Colón.

In some ways the Free Zone administration is more vulnerable than the companies. The Panamanian Government remains the owner of all the land and many of the buildings in the Zone. The capital investment required of a trader is therefore limited by this rule that he must rent his lot, and can, if he chooses, also rent the building he occupies. In other words, a company that suddenly decides to leave the Free Zone—for reasons other than bankruptcy—can write off or sell off its inventory and abandon Panama with minimal loss.

The real forces that affect the Free Zone are therefore changes in trade patterns or tariff arrangements and booms or slumps in the economies of the area. The main exporters to the Free Zone are predictably Japan ($107.6m. in 1975), the U.S. ($78.1m.), Taiwan ($34.5m.) and Britain ($24.5m.—although most of that was Scotch). The main importers from the zone are: Brazil ($70.5m. in 1975), Venezuela ($44m.), Ecuador ($43.3m.), Aruba ($42.7m.), Colombia ($27.7m.) and Mexico ($25m.).

The trading companies that sell largely to the free ports of the area—among them San Andrés, Manaus, Aruba and Curaçao — are perhaps the greatest risk-takers. In contrast, the pharmaceutical companies that do most of their business with governments can make large profits with competition from other compani[illegible] only obstacle. Other la[illegible] panies generally distrib[illegible] Colón to those countri[illegible] they have no local ma[illegible] ing subsidiary. For [illegible] SKF, the Swedish bear[illegible] pany, has just initiated [illegible] distribution operation [illegible] Free Zone, although it [illegible] has manufacturing sub[illegible] in Argentina, Brazil an[illegible]

It is the diversity of [illegible] panies and operations [illegible] that probably offers th[illegible] sight into the Zone's e[illegible] flexibility and potentia[illegible] or less any company w[illegible] sell its goods in Latin [illegible] can profit from repre[illegible] here. Why is it, then, [illegible] one British company-[illegible] Lucas Industries—has [illegible] in the Zone? Scotch wh[illegible] ducers have an excu[illegible] prefer to work throug[illegible] since most Scotch tha[illegible] through Colón ends u[illegible] traband. But other [illegible] exporters seem to be [illegible] a well-proven stepping-[illegible] the markets of Latin A[illegible]

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Preparing for a new Canal Treaty

DESPITE THE controversial appearance of Panama on the U.S. electoral scene this summer, prospects for a new Canal Treaty being ready for signature by mid-1977 are good. If former California Governor Ronald Reagan becomes the Republican Party nominee in August and if he wins the November elections, this optimism will, of course, evaporate. But both the Panamanian Government and the State Department are gambling against this eventuality and are continuing their substantive negotiations as if certain that the next American President will be either Mr. Jimmy Carter or Mr. Gerald Ford.

But the outlook for the new treaty has certainly not been improved by Mr. Reagan's orchestrated chauvinism. Before it goes into effect, any draft treaty must be ratified by a two-thirds majority of the U.S. Senate and already more than one-third of the Senators are on record opposing a new agreement.

By stirring up patriotic sentiments among an electorate that seems increasingly tired of "losing" in world affairs, Mr. Reagan may be preparing the Senate to prove that the U.S.—by kicking around Panama—won't be kicked around by Moscow. "If we could present the draft treaty in a reasonable and dispassionate way, I'm sure it would be acceptable to the American people," a senior State Department official said recently. "But Panama seems to produce gut reactions among many Americans. It's a problem of too much emotion and too little information."

Emotion

Apparently unable to convince the American Congress and public opinion, the State Department is therefore also appealing to emotion in its own domestic campaign in favour of a new treaty. From Secretary of State Kissinger downwards—and upwards to President Ford when he is not contradicting his own Government's policies—the message is being put out that "guerilla warfare" and "a new Vietnam" may erupt in Panama if a new treaty is not soon reached. Seconding this view, Panama's dictator, General Omar Torrijos, has spent the past five years speaking of the grim consequences of a break-down in the negotiations. "Let the blood be on your hands . . ." is the warning Senators are urged to meditate before they cast their vote on a draft treaty.

In contrast, the mood in Panama on the canal issue is at present unusually tranquil. Evidently aware that no draft treaty can be signed until after the American elections or indeed until after the next President is well installed, the Government has stopped agitating on the subject. The country's State-controlled newspapers are barely mentioning the topic, while occasional official statements now seem aimed at showing American public opinion that Panama is a land of reason rather than fanaticism.

Reality

In the Canal Zone—across the four-lane highway that the Americans named after President Kennedy and the Panamanians after the "martyrs" who died in the 1964 anti-American riots here—the 3,500 Americans working for the Canal Company are also preparing for a new treaty. Despite Mr. Reagan's rhetorical defence of the status quo, they seem to realise that reality is about to invade their tropical dreamworld. Most are depressed by the uncertainty surrounding their lives, many feel that their privileges are already being eroded and a good number are spending their summer holidays looking for jobs in the U.S.

Perhaps the unhappiest are those whose families have lived in the Zone since the turn of the century and whose fathers and grandfathers worked for the Company. Just as Panamanians resent seeing the American flag flying over their territory, these traditional Zonians feel passionately that Panama has no right to take over their enclave. "I'd leave rather than have Panamanian guards take over patrolling our streets from the Canal Zone police," one typical Zonian said.

The way of life in the Zone, however, will be the first major change wrought by the new treaty. Compared to the 1903 treaty, which gave the U.S. control over the canal and the 553-square mile Canal Zone "in perpetuity," the new agreement will give Panama "jurisdiction over the Zone within three years of the ratifications. The services now provided by the company, such as police, fire brigades, post offices, commissaries, restaurants and even dry-cleaners, will all be taken over by Panama.

The major sources of irritation to Panamanians — that Americans are enjoying special privileges inside an artificial boundary and that American police can arrest Panamanians in an area over which Panama never in fact lost sovereignty—will have been removed. The Zone as such will no longer exist.

The broad lines of the new treaty were spelled out in an eight-point joint declaration signed in February 1974 by Secretary of State Kissinger and the then Panamanian Foreign Minister, Sr. Juan Antonio Tack. More than two years of negotiations, however, have not yet eliminated all points of disagreement. There is of course no question that the new treaty will be of fixed duration after which Panama will assume total control of the canal. But there is still disagreement over the termination date of the treaty: Panama is insisting on total control by the year 2000, while the U.S. feels it should retain at least primary defence responsibility beyond that date.

The Kissinger-Tack Declaration contemplated that Panama would recover jurisdiction over the Canal Zone but would grant the U.S. "the right to lands, waters and airspace" necessary to operate and defend the canal. Disagreement still exists on this so-called "lands and waters" problem. Panama naturally wants to control as much of this zone as possible, if only to develop warehouse, docking and repaid facilities beside the canal itself, but the U.S. is insisting that much of the waterside area remain undeveloped.

The primary responsibility for the operation of the canal will of course remain with the U.S. throughout the life of the new treaty. But the Panama Canal Company will be replaced by a new bi-national administrative organ which, although controlled at board level by a majority of American directors, will give special attention to preparing Panamanians to take over the canal at the end of the treaty. Fearing an exodus of experienced Americans, however, General Torrijos has gone out of his way to reassure Zonians that all their "labour victories" will be respected under the new accord.

Perhaps the most tricky point awaiting solution is the duration and size of the American military presence here. The State Department scored a major triumph last year by persuading the Pentagon to agree in principle to a new treaty and, since then, top Defence Department officials have accompanied Ambassador Ellsworth Bunker in his negotiating rounds. But the Pentagon is still demanding the right to defend the canal for at least 50 more years and to station as many troops in Panama as it deems necessary. At present, there are some 12,000 American military personnel scattered across the Zone in 14 Army and Air Force bases.

Panama claims that the U.S. could adequately defend the canal—to the small extent that it is defensible to anything but angry Panamanians—with just three strategically-placed bases. Panama also feels that, as a matter of its national dignity, the U.S. should have less troops in Panama than the total number of Panamanian National Guardsmen, the country's only armed force.

Defence

Under the Kissinger-Tack accord, Panama is in fact meant to participate in the joint defence, a point that has already led the military government here to request more training and equipment from the U.S.

Yet with General Torrijos anxious to reach agreements in order to shore up his political position and stimulate the country's depressed economy, most observers believe that the remaining points of disagreement will be ironed out in the coming months. Ironically, two years ago Washington seemed in a hurry to work out a new treaty while Panama felt that time would bring greater pressure on Washington from other Latin American countries and further erode the U.S. position. To-day, Washington would probably prefer to wait a year or two more until the passions stirred by Mr. Reagan have subsided, while General Torrijos' impatience for a new treaty may lead him to make concessions that would have been unheard of two years ago.

Row over Canal tolls

TO JUDGE by the events of this spring at least, the U.S. Government seems almost as interested in holding down the Panama Canal's tolls, as it is in keeping the waterway open. Rather than raise tolls, it decided in March to reduce a projected deficit by freezing some wage levels in the Panama Canal Company. In response, more than 500 company employees went on strike—the Americans insist on calling it a "sick-out"—and closed the canal to large ships for a week.

The situation could not of course last long. The company, which is entirely owned by the U.S. Government, gave in to the strikers and one month later proposed a 19.5 per cent. rise in tolls. This increase, the second in two years but also only the second since the canal was opened to traffic in 1914, will come into effect in November and will forestall anticipated company losses of \$36m. by September next year.

Importance

But the incident nevertheless reflected the continuing importance of the canal to the U.S. Those who favour granting Panama eventual control over the canal have argued that the waterway has lost its military and commercial significance to the U.S. Yet while it may not be vital—the U.S. now has a two-ocean Navy and traders would adjust to its closure as they did with Suez—the canal continues to benefit the U.S. more than any other user.

The fact that the tolls were not increased during the canal's first 60 years of existence illustrates the power of the U.S. shipping lobby and the Government's related recognition that low rates help keep down the cost of American imports and reserve the competitiveness of American exports. And although only 9 per cent. of U.S. trade now passes through the canal, 54 per cent. of cargo using the canal still originates in or is destined for an American port.

The size of the indirect subsidy to American consumers and producers can be roughly estimated by comparing the toll rates of the Suez sea-level canal and of Panama's more-expensive lock canal: Suez charges \$2.01 per ton while Panama's rate will rise in November from \$1.08 to \$1.29 per laden ton. In fiscal 1975, this meant a saving of \$70m. just on cargo travelling through Panama to and from U.S. ports. One Panamanian economist has even come up with the figure of \$4.6bn. as the amount that the U.S. has saved since the opening of the Panama Canal. Company economists believe that tolls could be raised by more than 75 per cent. before there was a net loss of revenue, even though total tonnage would fall slightly with every rate increase.

However, the narrow margin within which the Panama Canal Company was operating did not become apparent until the 1973 oil crisis and the subsequent world-wide recession. Its first-ever deficit of just \$1.3m. was in fact registered in fiscal 1973 but this widened to \$11.8m. the following year, forcing the company to seek its first-ever toll increase—of 19.7 per cent. from \$0.90 to \$1.09 per ton. In fiscal 1975 the deficit dropped slightly to \$8.2m. but estimates for the period of July 1, 1975, to September 30, 1977, showed a deficit of \$36m. unless tolls were raised again.

Like any Western company, the Panama Canal operation has suffered a sharp rise in costs, principally wages, energy and equipment. For example, the generators that provide power for the engines that pull ships through the canal's three locks rely on imported oil. However, the main setback for the Canal Company has been the world recession, which meant that total cargo through the canal stagnated at 135m. Panama Canal net tons in fiscal 1975 and was expected to drop to 126m. tons in fiscal 1976 ending June 30 this year. The number of commercial transits has also dropped from 13,609 in fiscal 1975 to 12,240 this year.

But the projections, bolstered by evidence that the canal operation is "bottoming out" of its recession, are optimistic with the number of transits disguising the fact that average loads and ship sizes will continue to rise. Whether tolls will have to be raised yet again, however, will depend as much on world-wide inflation and trade patterns as on the increased annuity that the U.S. will pay Panama under a new Canal Treaty. An increased rental—from \$2.3m. to somewhere between \$30m. and \$50m.—would probably be passed on to all users of the canal rather than be picked up exclusively by American tax-payers.

Marvel

For the moment, though, there are no foreseeable circumstances under which the pressure of maritime traffic would justify investment in a third set of locks or, indeed, in construction of a new sea-level canal across the isthmus. Even to-day the Panama Canal would be considered an engineering marvel, with its fresh-water Gatún Lake feeding two locks on the Pacific side and one 85-foot lock on the Atlantic side. But the locks can only accommodate ships less than 950 feet long, 106 feet wide and 40 feet deep, equivalent to a 65,000-ton vessel. Some ships are still built so they can just fit in the locks, but many now far exceed this size, above all super-tankers, monster bulk carriers and container ships which often weigh more than 200,000 tons.

Canal Company economists estimate that, with a greater flow of water into Gatún Lake (a point being discussed now by the U.S. and Panamanian treaty negotiators since this water would have to be brought from outside the Canal Zone), the waterway and locks could handle up to 27,000 ships and 357m. tons of cargo per year. But even this seems optimistic because the growth of world trade will almost certainly be reflected in the expansion of the maritime fleet unable to pass through the canal.

The suggestion that a sea-level canal be built through some part of the Central American isthmus is not taken seriously for the same reason: transport by super-tankers and bulk carriers will be smooth and cheap enough to discourage any government from investing the horrifying sums—a cost estimate was made of \$4bn. at 1967 prices—that a sea-level canal would require. On this point, at least, the U.S. and Panama seem agreed.

One aspect of the canal's future operation that cannot be gauged in figures but will nevertheless affect its users is the anticipated rise in the number of Panamanians occupying senior posts in the company. The view of many Americans in the Canal Zone that Panamanians are lazy and inefficient has until now seemed sufficient justification for keeping locals in menial jobs in the company. But under a new treaty, not only will a date be set when the canal will be entirely Panamanian-run, but the U.S. will also commit itself to training Panamanians to take over the operation.

Clearly, there is still much to be done. Out of 15,000 company employees, about 11,500 are Panamanians; but in the top 561 administrative jobs, there are just 59 Panamanians, while only two of the 199 pilots are locals. Americans also occupy 99.4 per cent. of all supervisory posts as well as 580 "security positions" (the number of "security positions" to be filled exclusively by Americans was just lowered from 1,095 in anticipation of the new treaty).

Given time, though, there is no reason to believe that Panamanians—plus, perhaps, a handful of American pilots working on contract—will not be able to operate the canal efficiently. In recent months, in fact, the American "sick-out" and the poor morale of Zonians who feel they are being sold out by the U.S. treaty negotiators have encouraged Panamanians to chirp that perhaps the Americans are not responsible enough to run the canal.

Shippers are, in fact, more concerned about Panama's future control of tolls than the idea of non-Americans acting as pilots and administrators. Even though Panama may not determine tolls before the year 2000, small countries that are important users of the canal — even countries like Peru and Ecuador that must formally support Panama's demand for a new treaty in the name of Latin American solidarity — are worried that rates may be established arbitrarily or even in response to the particular economic problems of each Panamanian government. Even neighbouring Colombia, which was compensated for its loss of Panama in 1903 by being granted free transit rights through the canal by the U.S., fears this friendly arrangement may be revoked by Panama.

Banks aid local business

[AT]TRACTED TO Panama essen[tiall]y as an off-shore finance [cen]tre, foreign banks here have [foun]d an unexpectedly attrac[tive] local market for business [in t]he Colón Free Zone. When [the] Bank of London and South [Am]erica, the Lloyds Bank Inter[nati]onal subsidiary, opened up [a br]anch in the Free Zone four [year]s ago, it seemed a daring [thin]g to do; to-day, eight other [ban]ks have followed suit, a [nint]h is opening shortly and [some] more finance trading oper[atio]ns from offices in Colón [itsel]f.

[Th]e Colón Free Zone is in [fact] just one of several domes[tic] sectors that has benefited [from] the presence here of some [50 b]anks. For example, the con[stru]ction boom of 1971-73 oc[curr]ed almost entirely because [of e]asy—perhaps too easy—ac[cess] to credit. Both agriculture and industry are also now benefiting from subsidised loans paid for by a 0.5 per cent. surcharge on all commercial and personal loans. But 55 per cent. of the $1.5bn. local loans outstanding at the end of last year were to commerce and a significant amount of this went to the Colón Free Zone.

Credit needs of the Zone are bound to continue growing so long as it expands as a regional distribution point for consumer goods. The greater the stocks and the greater the turnover of the trading companies, the more credit they will need to finance their operations. Banks and the Colón Free Zone are therefore natural partners.

But not all banks have done well out of the Free Zone. The world recession hurt some small trading companies dealing in few lines and bankruptcies have been averaging one per month. As a result, some banks—particularly the Colombian banks that lend at higher rates and are therefore left with less secure operations as their clients—have found themselves with bad debts on their hands. But the big banks, which to a large extent can select their clients, have without exception found the Free Zone a highly profitable side-line to their off-shore dealings.

Domestic

The presence in Panama of so many banks, however, is attributable to nothing more romantic than the lack of government controls on their operations. For example, banks only pay taxes on their domestic activities, while their off-shore dealings go virtually unmonitored. There are also neither exchange controls nor central bank in Panama and banks enjoy total freedom of investment and transfer. The country's legal tender is conveniently (for everything except national pride) the U.S. dollar, but deposits can be made in any currency and interest rates are generally high.

The rapid growth in the assets—and particularly the foreign loans—of the banks reflects the widespread confidence in Panama as a financial centre, even during a time of political uncertainty over the future of the Panama Canal. For example, total assets grew from $1.9bn. in 1972 to $3.9bn. in 1973, to $7.7bn. in 1974, and to a record $9.9bn. at the end of last year.

Bank of America alone had assets of $1.9bn. last year, a reflection of its decision to register a great deal of its off shore activities here. For the same reason, the Banco do Brasil increased its assets from $776m. in 1974 to $1.1bn. last year. In contrast, Citibank, which hardly operates off-shore from Panama, had assets of only $338m., but its domestic portfolio of $253m. was four times greater than that of Bank of America and 40 times greater than that of the Banco do Brasil.

In fact, it is only over the past three years that Panama has boomed as an off-shore centre. In 1972, for example, local loans still exceeded foreign loans, but by 1975 foreign loans accounted for 80 per cent. of total loans.

The rapid expansion of off-shore operations, however, does not detract from the domestic openings for doing business. Under the 1970 Banking Law, three types of licences were established: with a general licence, a bank with more than $1m. paid-up capital can operate inside and outside Panama; with an international licence a bank with a paid-up capital of only $250,000 can deal off-shore from Panama; and with a representation licence a bank can simply open a representative office here. The fact that almost 50 banks have chosen a general licence reflects the attraction of operating in Panama.

The local share of total deposits has of course dropped sharply as off-shore activities have increased. But, in absolute terms, local deposits have grown from $322m. in 1971 to $803m. last year, an impressive rise in local savings during a less than dynamic period.

Lending in Panama, on the other hand, has grown even more rapidly, from $556m. in 1971 to $1.5bn. last year.

The recent problems of the Panamanian economy, which grew by only 1.7 per cent. last year, equivalent to a 1.5 per cent. reduction in per capita income, have unquestionably temporarily slowed the growth of the domestic banking sector, but the Government's ambitious programme of massive infrastructural investment offers an entirely new field for the foreign banks operating here.

Copper

For example, between now and 1982, approximately $800m. will be spent on developing the Cerro Colorado copper deposits. Plans to build new hydro-electric plants, a Trans-Isthmian oil pipeline and a modern Atlantic coast port will also depend on massive foreign borrowing and skilful financial management, if they are to be realised. Similarly, rural and urban development of those areas of the U.S.-controlled Canal Zone that will be returned to Panama under a new treaty should also open up attractive credit opportunities to the foreign banks here.

For these banks, though, their main reason for operating in Panama remains the freedom for off-shore activities; this situation seems certain to continue unchanged. Even some nationalist demands that banks be forced to lend to Panama at lower-than-market rates have evaporated. Moving visibly to the Right on economic matters, the Government seems fully aware of the benefits accruing to the country under present circumstances and is therefore not about to rock the boat.

Creating room to expand

[WH]EN the Colón Free Zone's [sens]itivity to changes in world [trad]e patterns and levels, it is [clear] that its growth over the past [thre]e years should have been [limi]ted by nothing more sophis[tica]ted than the lack of physical [spac]e. But the Zone is sur[rou]nded on two sides by water [and] on two sides by over[crow]ded wooden tenements, [whil]e the town of Colón itself is [sque]ezed on to a peninsula [insi]de the U.S. controlled Canal [Zon]e.

[T]he Zone administration has [natu]rally been long aware of [the] problem and has been seek[ing] a solution for some years. [For] example, when the area was developed 28 years ago, the [land] was considered too soft to [take] buildings of more than [one] floor. Over the past five [year]s, however, new techniques [hav]e enabled buildings of two [floo]rs to be constructed. Simi[larl]y, some of the swampy land [insi]de the 100-acre Zone has [bee]n filled in, but the last two [buil]dings that can be fitted in [any]where are about to be put

[I]deally, the Zone would have [exp]anded into Colón itself, thus [kee]ping all activities within a [sin]gle-walled and wired-off area [and] facilitating control of the [mov]ement of goods. But with little room available in [Col]ón, there was considerable [loca]l resistance to the proposals [that] the Zone take over an [adja]cent football field or [dem]olish two rows of tenement [hou]ses and occupy that land. [The] suggestions were eventu[ally] dropped.

[So]me traders were hoping [that] an entirely new Free Zone [wou]ld instead be opened in [Pan]ama City. Most top execu[tive]s in the Zone live in the [capi]tal and drive 90 minutes [twic]e a day to and from Colón. Some of the companies, particularly those dealing in small highly-priced items, such as watches and perfume, receive and distribute their products through Tocumen Airport and would therefore also save transport costs if they were operating from Panama City.

But the Government is fully aware that the opening of a Free Zone in Panama City would draw many companies away from the less attractive Colón and would in turn further depress the town. The Zone was originally placed in Colón in 1948 with the prime objective of creating employment there. With no industry and no land for agriculture, Colón lives entirely off the incomes of those employed in the Canal Zone as dock-workers, street-cleaners, waiters and other manual labourers and those working in the Free Zone as packers, porters, drivers and secretaries. Without these jobs, Colón's unemployment rate would be intolerably high and the town's chronic problem of street violence and mugging would be aggravated.

Services

At present, there are 5,400 people permanently employed in the Free Zone. There are a further 2,000 part-time employees as well as perhaps 5,000 more jobs created in companies supplying the Free Zone with such varied services as trucking and office-delivered fried chicken. In a town with a population of 45,000, these jobs clearly sustain a majority of families.

The only available area near the Zone was therefore an abandoned airfield—Old France Field—across a 300-metre stretch of water inside the Canal Zone. And it is here that the expansion will apparently now take place. Pending a new Canal Treaty which would give Panama control over Old France Field, the U.S. has made an Executive Agreement with Panama allowing a 500-acre area to be used as a "customs complex" for a provisional period of 15 years. Half of this area, however, is water, while another quarter is too soft for building. In the end, the Free Zone will have an additional space of about 125 acres, enough to accommodate an operation more than twice the present size.

But the expansion will not take place immediately. The Free Zone administration has contracted a Panamanian company, Burgos Asociados, to work out a master plan for the new area, including a possible bridge or causeway linking it to the present facilities. This plan should be ready within one year. But the administration is already anticipating a $10m. to $16m. cost for the project and a completion date of 1980. Costs could be reduced by eliminating the bridge or other direct link between the two areas and by keeping all companies that do business with each other within the present zone. But this would require a separate gate and checkpoint in the new area.

The advantage of Old France Field, apart from its proximity and availability, is that it already has a concrete runway as well as several old aircraft hangars, some of which are now being converted into warehouses. "All we need is for two or three large companies to go over there for the expansion to take off," one foreign trader said, "and I know of at least two companies that are already interested." Financing for the expansion is also tentatively available, based as much on the Free Zone administration's healthy balance sheet as on the basic viability of the operation.

The additional space alone, however, is not enough for the Free Zone to double in size. World economic growth and even the economic performance of such large importers as Brazil will probably have more real impact on its development. But improvement of the highway from Panama City and Tocumen Airport, the opening next year of the new airport itself and the possible construction of a new Atlantic container port should also speed the movement of goods and thereby increase the attractions of the Free Zone.

The goods that slip the net

[TRA]DERS IN the Colón Free [Zone] are a pretty tough and [outs]poken bunch, but on the [subj]ect of contraband they go [stra]ngely silent. "The word ['con]traband' is forbidden [arou]nd here," explained one [exec]utive who was willing to [talk]. "You have to say, 'I have [a cu]stoms arrangement' or 'I [have] a method,' then everyone [will] understand you."

[The] importance of contra[band] to the Zone, however, is [undeni]able. Many of the [prod]ucts that leave the Zone [onl]y enter countries of the [regi]on illegally. The traders of [the] Zone of course wash their [hand]s of responsibility. They [argu]e that a buyer can do as he [like]s with the products he [has b]ought. But a few of them [will] concede in private that [with]out contraband their [busin]esses might be less [thriv]ing.

[Th]e illegal activities of the [Zone] in Panama itself are not [impo]rtant. The customs police [at th]e gates of the Free Zone [have] been known to take [bribe]s to allow through un[check]ed truck-loads. But the [remov]al of tariffs on cameras, [radio]s and other products [usua]lly sold to tourists in [Pana]ma has eliminated traffic [in m]ost goods. In addition, [contr]aband in other small [good]s from the Zone into [Pana]ma has been institutiona[lised] through a company [calle]d Transit S.A., which is [repu]tedly owned by leading [memb]ers of the Government. [...] if you want to take out a colour TV, Transit will charge you $12 and deliver it at your home in Panama City," one experienced trader here explained. Transit's more formal business is importing and selling Cuban cigars and rum.

The main contraband from the Zone, however, is to the countries of the region. Large manufacturing companies selling industrial products and pharmaceutical companies doing business mainly with governments are rarely involved. The contraband is in such lines as cameras, perfume, watches, radios, televisions, calculators, stereos, jewellery, carpets, cigarettes and liquor which are generally handled by the trading companies.

Markets

The principal markets for these products are, formally speaking, the region's numerous free ports—the Dutch islands of Aruba and Curacao, the Brazilian Amazon port of Manaus, the Mexican border city of Chetumal, the Venezuelan island of Margarita and the Colombian island of San Andrés—as well as the duty-free shops in most airports of the area. But in the case of Brazil, Mexico, Colombia and Venezuela, at least, these free ports are important avenues for contraband.

In some cases, ships leaving the Zone's nearby port of Cristóbal will actually unload their cargoes on to small boats off some deserted South American beach at night. But, according to experts here, most of the goods enter through proper ports and are then successfully deviated to the black market by bribes to customs officials.

The practice produces such ludicrous situations as Philip Morris cigarettes from Richmond, Virginia, competing on the streets of Bogotá with cigarettes made by Philip Morris' Colombian subsidiary. In one Central American country, the government sharply increased the duty on scotch and the announced, a few months later, that consumption had halved; the balance was of course made up by smuggled whisky.

"If you end contraband——which I'm happy to say is not possible—the Colón Free Zone would probably close down," suggested one executive who knows the inside workings of the Zone. "But so long as, say, Brazil, is earning more from its import duties than it is losing on contraband, it is going to maintain its tariff barriers and contraband will continue to slip under them."

The vulnerability of many companies here to the sudden closure of free ports is therefore self-evident. Conversely, the opening up of Manaus as a free port resulted in an almost disproportionately large increase in the Free Zone's sales to Brazil. "Contraband" may indeed by unmentionable, but the Free Zone would surely miss it if it went away.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

General optimism again boosts prices

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 30.

STOCK PRICES advanced across a broad front in the heaviest trading in almost two weeks adding to Tuesday's advance.

Optimism was attributed to the U.S. Commerce Department report that May factory orders rose 2 per cent following an 0.8 per cent increase in April. Another factor was the prediction by Mr. Arthur Burns, chairman of the Federal Reserve Board that inflation would drop below 7 per cent. by the end of 1976 from the current 7.3 per cent. He also said the Fed would continue its moderate monetary policy.

The Dow Jones Industrial Index rose 2.13 to 1002.78, while the NYSE Common Stock index gained 0.23 to 55.71. Advances topped declines, 940 to 467. Turnover amounted to 23.83m. shares, against Tuesday's 19.62m.

Coca-Cola rose $1½ to $84½. *Hewlett-Packard gained* $2½ to $114½. Marley Company rose $1½ to $60½. Boeing advanced $1½ to $40½. Schlitz Brewing put on $1½ to $19½. Combustion Engineering rose $1½ to $47½. Pullman was up $1½ to $36½. General Signal put on $1½ to $49½ and Eli Lilly was up $1½ to $52½.

Westinghouse gained $1½ to $17½, Gardner-Denver put on $2 to $27½, Merck was up $1½ to $72½, Denny's was $1 up at $24½ and Koppers was $1½ up at $60.

However, Du Pont fell $2½ to $139½, International Paper lost *$1½ to $73. Jim Walter declined* $1½ to $32, Timken eased $1½ to $57½ and National Presto slipped $1½ to $70½.

IBM picked up $1½ to $277. The company introduced two new "system/370" computer models and cut lease charges. Xerox added 50 cents to $61½.

Northrop advanced $1½ to $43½. The company predicted record second quarter sales and earnings.

Copper stocks were narrowly mixed. After the close Kennecott raised copper prices 4 cents a lb. to 74 cents per lb.

The American Stock Exchange *closed higher in moderately active* trading. The Amex index was up 0.22 to 105.32 and advances led declines *368 to 269. Volume was* 2,828,000 shares against Tuesday's 2,290,000.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Atlas Corpn.	374,900	6⅛	+⅛
Jim Walter	266,300	32	−1½
Westinghouse Elec.	338,400	17½	+1½
Polaroid	304,200	40½	+1
Texaco	236,800	25½	+½
Tenneco	223,400	31½	+½
Sony Corpn.	219,300	9½	—
Xerox Corpn.	200,300	61½	+½
Searle Gd.	197,100	15½	+½
Evans Products	174,000	10½	+½
Gulf & Wstrn. Ind.	169,000	25½	+½

OTHER MARKETS

Canada mixed

Canadian stock market indices were firmer at the close but shares still closed mixed on light volume. On the Toronto Stock Exchange, the Industrial Index edged up 0.14 to 187.46. *Declines* led advances 183 to 164. Base *Metals were up 0.49 to 90.52* and Golds advanced 0.02 to 273.06. However, Western Oils declined 0.38 to 231.78.

In Montreal stocks gave up some of their *earlier gains to* close broadly mixed in moderate *trading.* The Composite Index was 0.04 higher at 190.98 and the Industrial Index gained 0.17 to 198,63.

PARIS—The market was mixed despite bullish factors like the rise on Wall Street, lower local money market rates and a survey from the National Statistics Institute showing French productio nwas still expanding this month. Banks, Investments and Electricals were hesitant while Properties advanced.

Foods — notably Pernod-Ricard-Printers, *Metals, including* Vallourec, and Oils tended firmer. Moet Hennessey rose Frs. 6 to Frs. 517 and Carrefour gained the same amount to Frs. 689. But Air *Liquide fell Frs. 4.1 to Frs. 381* and Citroen lost Frs. 1.75 to Frs. 50.25. Peugeot also slipped over Fr. 1 and *L'Oreol* surrendered Frs. 3.

AMSTERDAM — Shares generally advanced in quiet conditions. Dutch Internationals were led higher by Akzo up Fls.1.4. Hoogovens ahead 50 cents and Royal Dutch which put on Fls.1.4.

BRUSSELS — Mixed in quiet trading with only minor movements. Reserve and Wagons-Lits were *higher, the latter gaining* B.Frs. 18. But ACEC, GB-Inno-BM, and Gevaert all fell. La Royale Belge lost B.Frs. 65 to B.Frs. 4,625 while CBR Cement and Gevaert *both surrendered B.Frs. 20. Arbed* was another weak spot. But Petrofina firmed and Societe Generale put on B.Frs. 30.

FRANKFURT—The market was trendless but lively due to half-year portfolio squaring. Most shares closed steady except for Stores which fell. Karstadt fell DM5 to DM400 after *sharp* movements, Horten lost DM4 and Kaufhof slipped DM3. Neckermann was suspended after Bourse rumours, centreing around Karstadt, that a German store chain will make some kind of co-operation agreement with Neckermann.

ZURICH—The market firmed *over a broad front in selectively* active trading. Bally Bearer and Registered featured very firm. Otherwise Financials were only slightly higher. In Banks, *Bankgesellschaft and Bodenkreditanstalt* rose sharply. Insurances advanced in light volume.

Leading Industrials showed substantial gains with Fischer notably firmer on active support. Nestle put on Frs.20 and Interfood gained Frs.40. Sandoz and Union Bank *each rose Frs.40 while Hoffman* LaRoche was ahead Frs.250.

COPENHAGEN—*Slightly higher* over a broad front in a moderate volume. Burmeister and Wain gained Kr.7.

OSLO—Banking, Insurances and Shippings were *quiet, while* Industrials were steady.

VIENNA—The market closed slighly higher, with Creditanstalt very firm.

MILAN—The market closed irregularly higher in fairly active *trading. Snia Viscosa, Olivetti* Privileged, Montedison, Pirelli, E C and Fiat gained. However, Assicurazioni Generali and Pirelli SPA lost a little ground. Cantoni and Erba each put on at least L100. But Mediobanca and RAS were both weak.

TOKYO—The market closed firm in very active trading with interest spreading to medium-sized companies, and with growing *profit-taking absorbed.* The Tokyo SE Index closed at a new record of 357.90, up 0.38.

Commodity-related shares continued in demand, but Motors and Electricals levelled off on profit-taking. Textiles, Paperpulps, Steels, Shipping lines and Chemicals led the rise.

Major gainers included Nisshin *Steel, Sony, Oki Electric, and* Japan Line. But Toyota, Nissan, Yamaha Motor, TDK Electronics, *Pioneer* and some other *Blue* Chips declined.

HONG KONG — Shares prices closed firmer in fairly quiet trading although some issues closed below the day's highs. Sentiment was aided by encouraging economic indicators such as yesterday's May trade figures and by firm overseas markets overnight. *Investor confidence is* starting to return. Hong Kong Bank gained 20 cents to $HK19.10. Jardine Matheson and Swire Pacific 10 cents each to $HK21.30 and $HK9.40 respectively.

JOHANNESBURG—Gold shares were easier towards the close on local and overseas selling pressure. Most issues closed at or around *previous levels. Financial Minings* were generally steady, but some prices were easier. There was renewed interest in metals, however, and prices were generally firmer, although Platinums were a shade easier. De Beers was unchanged and overall the market appeared to have rallied after the recent decline. The industrial market was little changed, but a few modest gains were scored.

AUSTRALIA—Markets closed mixed on the last day of the 1975-76 financial year. Leading Industrial BHP gained 2 cents to $A8.04, CSR also rose 2 cents to $A4.67, Pancontinental gained 20 cents *to $A13.70, while* Thiess, Coal and Allied and Oakbridge all advanced. However, Bank of NSW fell 6 cents to $5.74 and Poseidon lost 10 cents to $A2.65.

Pound firmer

Sterling continued to advance in the foreign exchange market *yesterday,* helped by further action by the Bank of England in the forward market and a general easing of the U.S. dollar against most major currencies. The *pound* opened at $1.7830-1.7840 and eased to $1.7790-1.7800, before improving to $1.7810-1.7820 in the early afternoon. Buying interest in New York and the Continent *pushed the rate up in late dealings* to touch a best level of $1.7850-1.7860, and at the close sterling was 45 points higher on the day, at $1.7845-1.7855.

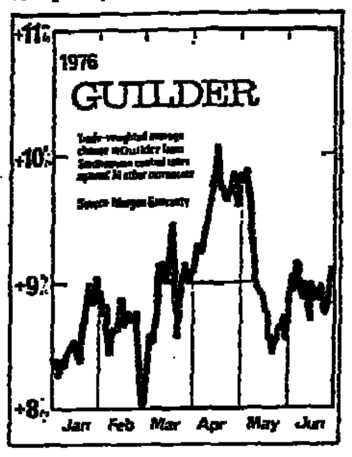
The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 38.8 per cent. *from* 38.9 per cent., *after* standing at 38.9 per cent. at noon and 38.7 per cent. in early dealings.

Following a sharp increase in *Euro-guilder interest rates on* possible intervention in the forward market by the Dutch authorities, the Dutch guilder gained ground, improving its position in the European currency "snake." The guilder finished at Fl.2.7235 in terms of the U.S. dollar compared with *Fls.2.7332½* previously, and its trade weighted appreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, *widened to* 9.11 *per cent. from* 8.83 per cent.

The Italian lira lost some of its recent gains, while the Japanese yen also declined against the dollar, to close at Y298, compared with Y296.82½ on Tuesday. The Canadian dollar remains very firm, and may be attracting *speculative* interest from the U.S. and Switzerland.

The dollar's trade-weighted depreciation, on the Morgan Guaranty basis, widened to 2.04 per cent. from 1.93 per cent.

Gold gained $½ to close at $123½-124½ after a quiet day.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	June 30	June 29
Sterling	0.643407	0.644539
U.S. dollar	1.14610	1.1499
Belgian franc	45.4973	45.4958
Deutschemark	2.95029	2.95413
French franc	5.43280	5.44044
Italian lire	965.297	(n)
Japanese yen	340.850	339.213
Dutch guilder	3.13516	3.13772
Swedish krone	5.10152	5.10825
Swiss franc	2.83431	(n)

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

June 31	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frnkfu't	—	2.574-575	54.27-35	6.481-494	4.585-595	94.35-50	104.30-50
N. York	38.23-85		21.11-12	2.499-500	1.7875-80	36.67-70	40.47-43
Paris	183.99-4.39	4.735-745	—	11.934-968	8.437-462	173.35-75	191.7-32.1
Brussels	15.40-43	39.66-71	8.36-28		70.68-79	14.50-53	16.04-08
London	4.591-601	1.7845-55	8.454-464	70.70-90	—	4.852-861	4.40-41
Am'rd'm.	106.25-28	2.734-736	57.69-74	6.891-895	4.869-874		110.62-75
Zurich	95.79-91	2.466-468	52.05-10	6.217-222	4.402-406	90.52-62	—

U.S. $ in Montreal U.S. $=96.88-90 Canadian cents.
Canadian $ in *New York* C$=103.18-20 U.S. cents. U.S. $ in Milan 838.7-839.60
Sterling in Milan 1,496.25-1,497.25.

EURO-CURRENCY INTEREST RATES*

June 30 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	18-19	5¼-5¾	7¼-8¼	7½-7¾	4-4¼	½-⅝
7 days notice	14-16	5⅜-5⅞	7¾-8¾	7½-7¾	4-4¼	¼-½
Month	14½-15	5⅛-5⅝	9-9¼	7½-8	4-4⅛	⅝-⅞
Three months	14⅛-14⅝	6⅛-6⅝	9¼-9½	7½-8½	4⅝-4⅞	1-1⅛
Six months	14-14½	6½-7	9½-9⅝	7⅝-8⅛	4⅝-4⅞	1½-1¾
One year	14⅛-14⅝	7½-7⅝	9½-9¾	7¾-8¼	5⅛-5⅝	2⅛-2¾

Euro-French deposit rate: two-day 8½-8¾ per cent.; seven-day 8½-8¾ per cent.; one-month 8¾-9¼ per cent.; three-month 9½-9¾ per cent.; six-month 10½-10¾ per cent.; one-year 10½-11 per cent.

Longer-term Eurodollar deposits: two years 8-8½ per cent.; three years 8¼-8¾ per cent.; four years 8½-8¾ per cent.; five years 8¾-9¼ per cent.

The *following nominal rates were quoted for London dollar certificates on deposit:* one-month 5⁵⁄₁₆-5⁷⁄₁₆ per cent.; three months 5¾-6 per cent.; six months 6⁷⁄₁₆-6⁹⁄₁₆ per cent.; one year 7-7½ per cent.

* *Rates are nominal closing rates*

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	June 30
Gold Bullion (a fine ounce)	
Close	$123½-124½
Opening	$123½-124
Morning fix'g	$123.80 (£69.489)
Afternoon fix'g	$123.80 (£69.418)
Gold Coins domestically	
Krugerrand	$128-130 (£71¾-72¾)
New Sov'r'gns	$45-47 (£25¼-26¼)
Old Sov'r'gns	$41½-43½ (£23¼-24½)
Gold Coins (Intern'nally)	
Krugerrand	$127-129 (£71¼-72¼)
New Sov'r'gns	$44½-46½ (£25-26)
Old Sov'r'gns	$39½-41½ (£22-23)
$20 Eagles	$201½-204½
$10 Eagles	$100-103
$5 Eagles	$69-72

FOREIGN EXCHANGES

June 30 1976	Bank Rate %	Day's Spread
New York	5½	1.7790-1.786
Montreal	9½	1.7210-1.730
Amsterdam	5	4.85-4.88
Brussels	7	70.50-71.00
Copenh'gen	8½	10.34-10.38
Frankfurt	3½	4.58-4.61
Lisbon	6½	55.90-56.30
Madrid	†7	120.90-121.4
Milan	12	1,491-1,498
Oslo	5	9.80-9.84
Paris	8	8.45-8.47
Stockholm	6	7.92-7.95
Tokyo	6½	525-535
Vienna	4	32.70-33.30
Zurich	2	4.53-4.42

* Basic discount. † Given convertible francs. Closing rate 71.50-71.50.

OTHER MARKETS

♦Argen'na	260.00-250.28
Australia	1.4555-1.4515
Brazil	19.11-19.31
Finland	695-694
Greece	64.251-65.857
Hng Kong	8.8000-8.8275
Iran	125-127
Kuwait	0.522-0.532
Luxemburg	70.70-70.90
Malaysia	4.5220-4.5470
N.Zealand	1.7907-1.8063
SaudiArab	6.28-6.38
Singapore	4.4045-4.4185
S. Africa	1.5418-1.5585
U.S.— Canada C$1— U.S.cents	105.24-105.27

Based on rates quoted by dealers. ♦ Rate given is SCBRA rate 443.25-443.45.

FORWARD RATES

	One Month
New York	1.45-1.35 c.pm
Montreal	0.90-0.80 c.pm
Amst'dam	2¼-1¼ c.pm
Brussels	50-30 c.pm
Cop'hg'n	6-4 ore pm
Frankfurt	4½-3½ pf. pm
Lisbon	50-150 c. dis
Madrid	70-110 c. dis
Milan	3-13 lire dis
Oslo	7-5 ore pm
Paris	4½-3½ c. pm
Stockh'lm	5-3 ore pm
Vienna	40-20 gro pm
Zurich	5¾-4¾ c. pm

Six-month forward U.S. pm and 12-month 10.60-10

Indices

NEW YORK—DOW JONES

	June 30	June 29	June 28	June 25	June 24	June 23	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	1002.78	1000.65	997.58	999.84	1005.77	996.56	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds	72.69	72.59	72.69	72.76	72.81	72.75	75.60 (22/4)	69.11 (2/1)	—	—
Transport.	224.77	222.45	221.43	222.21	221.78	220.64	222.21 (25/6)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.56	87.55	87.59	87.52	86.59	85.95	91.90 (4/2)	84.6 (26/3)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	23,660	19,620	17,490	17,830	18,850	17,550	—	—	—	—

	June 18	June 11	June 4	Year ago (approx)
Ind. div. yield %	3.79	3.88	3.94	4.69

STANDARD AND POORS

	June 30	June 29	June 28	June 25	June 24	June 23	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	117.58	116.92	117.46	116.76	116.67	116.25	118.67 (24/5)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	104.28	103.86	104.65	103.72	103.79	103.25	103.86 (29/6)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	June 17	June 9	June 2	Year ago (approx.)
Ind. div. yield %	3.41	3.53	3.46	3.73
Ind. P/E Ratio	12.65	12.22	13.59	11.02
Long Govt. Bond yield	5.69	5.72	5.86	5.71

N.Y. S.E. ALL COMMON

June 30	June 29	June 28	June 25	1976 High	1976 Low
55.71	55.46	55.25	55.35	55.71 (30/6/76)	57.08 (2/1/75)

Rises and Falls	June 30
Issues Traded—1,845	Up—940
Down—467	Same 438
New Highs 137	New Lows 16

MONTREAL / TORONTO / JOHANNESBURG

		June 30	June 29	June 28	June 25	1976 High	1976 Low
MONTREAL	Industrial	198.63	198.46	199.75	(u)	207.65 (19/5)	176.62 (2/1)
	Combined	190.98	190.94	192.15	(u)	199.76 (20/5)	175.67 (2/1)
TORONTO	Industrial	187.46	187.32	188.11	188.74	197.45 (2/4)	175.01 (2/1)
JOHANNESBURG	Gold	176.9	178.4	185.0	187.2	226.1 (12/3)	174.4 (6/4)
	Industrials	202.6	201.8	201.6	202.6	216.0 (21/5)	198.6 (5/4)

	June 30	Previous	1976 High	1976 Low
Australia (a)	471.00	470.77	475.61 (22/6)	445.32 (5/1)
Belgium (b)	98.63	99.66	115.15 (5/2)	97.65 (8/6)
Denmark (d)	110.97	110.14	112.22 (9/6)	100.20 (10/3)
France (e)	66.7	66.6	74.3 (3/5)	66.1 (18/6)
Germany (f)	758.9	760.8	821.7 (17/3)	733.0 (25/6)
Holland (g)	89.9	89.8	105.3 (5/2)	83.8 (28/6)
Hongkong (h)	412.80	409.00	465.33 (17/3)	354.55 (8/1)
Italy (k)	80.77	80.28	91.57 (25/2)	72.30 (4/5)
Japan§ (m)	357.90	357.32	357.90 (30/6)	326.28 (5/1)
Singapore (n)	266.14	255.84	286.16 (3/2)	236.50 (2/1)
Spain (u)	86.06	86.46	100.79 (7/5)	86.45 (1/4)
Sweden (q)	463.18	461.97	476.96 (10/5)	385.3 (19/1)
Switz'rl'd (r)	294.9	294.8	299.6 (12/5)	275.3 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/56. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—111¼% (113%).

NEW YORK

Stock	June 30	June 29
Abbot Labs	44¼	43⅜
Addressograph	10	9⅞
Corning Glass	76	75¼
CPC Int'nation'l	45¾	45⅞
Crane	35⅞	35⅝
Crocker Nat	26⅞	26½
Crown Zellerbach	44	44⅜
Johns Manville	30¼	30¼
Johnson Johnson	84¼	84⅛
Johnson Control	21½	20⅝
Joy Manufactur'g	50½	50½
Republic Steel	38⅛	38
Revlon	84	83
Reynolds Metals	37⅝	37⅝
Reynolds R. J.	56¼	55⅜
Zenith Radio	32⅞	33⅛
Chile 3⅝ 1995	90½	(90
U.S.Treas.4⅜1980	89⅞	89
U.S.Treas4¼75/85	82¼	†82
U.S. 90 days bills	5.55	5.53

CANADA

GERMANY ♦

June 30	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	89		—	—
Allianz Versich.	426.5		18	2.1
B.M.W.	241	+1	18	3.7
BASF	169.7	+0.4	14	4.1
Bayer	131.8	−6	17	6.1
Bayer Hypo.	279		20	3.6
Bayer Vereinsbk.	277.5	−0.5	20	3.0
Commerzbank	184		18	4.9
Conti. Gummi	87	+1.5	—	—
Daimler	349		17	2.4
Degussa	237	−1	15	3.8
Demag	175.5	+1	—	—

MILAN

June 30	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	710		—	—
ANIC	669	+3	—	—
Ausonia Fia.	3,550		120	3.7
Bastogi	945	−2.5	70	7.4
Breda	1,849	+29	166	8.2
Burgo	9,350	−100	200	2.1
Cantoni	6,020	+170	200	3.4
CIGA	4,300		—	—
Cinzano	4,375	+50	225	5.1
Dalmine	600	+11	75	1.5
Erba	2,105	+105		
Fiat	1,684	+2	100	5.9
Do. Priv.	1,015	+49	100	1.0

AUSTRALIA

June 30	Aust. $	+ or —
Acrow Australia	†0.71	+0.01
Adelaide Brighton Cem 50c	†1.20	
Allied Mnlg-Trdg-Indus-$1	†1.85	
Ampol Exploration	†0.86	
Ampol Petroleum	†0.64	
Assoc. Minerals	†3.60	−0.10
Assoc. Pulp Paper $1	†0.85	
Aust. Con. Industries	†1.71	
Aust. Foundation Invest.	†0.92	
A.N.I.	†1.10	+0.01
Aust. Oil & Gas	†0.10	
Blue Metal Ind.	†1.02	+0.02
Bougainville Copper	†1.41	+0.01
Broken Hill Proprietary	†8.02	+0.02

JOHANNESBURG

MINES

June 30

Anglo American Corpn.
Charter Consd.
East Driefontein
Elsburg
Harmony
Kinross
Kloof
Potgietersrust Plat.
St. Helena
Southvaal
Gold Fields S.A.
Union Corporation
De Beers Dfd.

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

AMSTERDAM

TOKYO

STOCKHOLM

COPENHAGEN

VIENNA

OSLO

SPAIN

FARMING AND RAW MATERIALS

Tied cottage legislation promise

By Our Commodities Staff

GAVIN STRANG, Parliamentary Secretary to the Ministry of Agriculture, said yesterday he had "not the slightest doubt" that the historic... al advance represented by Government's Bill to reform tied farm cottage system ...ld become law in the present Parliamentary session.

It will end in one swoop the ...i-feudal relationship which ...y workers in the countryside ... with their employers and ...lords," he told members of National Union of Agricultural and Allied Workers at the ...al Norfolk Show in Norwich. The central purpose of the ... is to remove the fear of ...elessness inherent in the ...ent system by giving Rent ...type security of housing to ...cultural workers. "I can ...re you that the Government ...ot prepared to compromise ...his central principle."

Brazil curbs exports of soyabean

By Sue Branford

SAO PAULO, June 30.

FROM TO-DAY, soyabean exports ... been suspended in Rio Grande do Sul, Brazil's main ...ucing state that is reaping ...arvest of approximately 5m. ...es. The decision was taken ...erday in Rio by the soyabean ...mittee, the Government body ...charge of soyabean policies. ...iew of the large volume of ...ign sales. From a total of ... tonnes originally earmarked ... export, 2.5m. have been sold.

...e Government is afraid of a ...tage on the domestic market ...xports continue at this rate ... has thus taken this un...ected measure. Rio Grande ...Sul, however, is still autho...d to export soya meal and ...

...n the other hand, the export ...a for Parana, Brazil's second ...est producing state, has been ...ed from 780,000 to 1m. tonnes ...iew of the new crop estimate ... the state. this now puts its ...luction at 4.5-4.8m. tonnes ...pared with the original figure ...3m.

RHODIUM PRICE UP

...NSON MATTHEY announced ...erday that from to-day ...tenburg's minimum price for ...dium will be £200 ($350) per ...ounce, from £171.50 ($300).

Sharp rises in cocoa and coffee markets

BY RICHARD MOONEY

COCOA VALUES climbed back above the £1,200 a tonne mark on the London terminal market yesterday despite a distinct absence of fundamental news. The September position reached £1,218 a tonne at one time but later eased to end the day £18 higher on balance at £1,205.5 a tonne.

September cocoa advanced by the £30 permissible limit early in the day but when the market reopened after the mandatory break the tone was far more hesitant. Dealers said the initial rise was prompted by aggressive trade buying which may have been inspired by the market's failure to go through strategic chart support levels on Tuesday. But they felt the rise had been over-done at £30 and prices were allowed to ease back quite substantially. The New York market opened quite firm but began to ease during early dealings, leading to further falls in London.

The latest Gill and Duffus cocoa market report, which is published to-day, cannot be expected to affect the market much either way. Net world production is now estimated to exceed grindings in 1975-76 by 11,000 tonnes, against the 7,000 tonnes surplus forecast in the April edition of the report. Gill and Duffus notes that its latest estimate of 1975-76 world production differs only slightly from that indicated in its first report issued six months ago—with lower-than-expected crops in the Camerouns and Nigeria being offset by "the promising development of the Temporao crop in Brazil."

The report argues, however, that a substantial increase in production will be necessary next year if prices are to fall significantly. "For the moment," it observes, "producers are still sitting comfortably."

Reports of "very cold weather" in Brazil's coffee growing areas sparked off a sharp rise on the London market yesterday and the September position closed above £1,600 a tonne for the first time ever. September coffee reached £1,622 a tonne at one stage before profit-taking trimmed the price to £1,606 a tonne, up £33 on balance.

Prices had been expected to open £10 to £15 lower in line with the overnight tone in New York, but this was prevented by the "frost scare," which emanated from a private trade source. Trade sources in Rio de Janeiro could not confirm the rumour, however. They said temperatures, although cooler than earlier in the week, were far above frost levels. The minimum overnight temperature in North Parana was around 10 degrees centigrade while in Londrina it was 11 degrees and in Maringa nine degrees, the sources said. Only in Cascavel, which marks the southern limit of the coffee belt, did temperatures give any cause for real concern, reaching seven degrees.

Zero temperatures have been confined to the non-coffee states of Rio Grande do Sul and Santa Catarina, a Weather Office official said.

French sugar crop fears grow

PARIS, June 30.

FRANCE'S SUGAR beet production this year will fall to 1.8m. tonnes from 2.97m. last year because of drought, a Sugar Beet Planters' Association spokesman said here.

Even if there is a period of prolonged rainfall, 50 per cent. of an average crop of 3.6m. tonnes will have been lost, he warned, adding: "If it does not rain in the near future the situation for sugar beet will be catastrophic."

If it rains heavily now producers can only hope for 30 tonnes of beet, or four tonnes of sugar, per hectare, but without sufficient rain yields per hectare may fall to 15 tonnes of beet, or two tonnes of sugar, the spokesman said. This would give France's worst sugar crop since 1959 when the yield fell to three tonnes of sugar per hectare on a smaller area.

Meteorological specialists now believe it will not rain extensively before September, the spokesman said. But he added that growth in the Seine and Marne region and around Paris is less seriously hit because of some isolated storms.

Our Commodities Staff writes: On the London terminal market, however, trade sources felt the reduced French crop estimate was rather drastic considering harvesting need not start for another three months. But dealers did react to news that only 15,000 tonnes of white sugar were subsidised for export at this week's EEC selling tender. This low figure was taken as an indication that relatively little sugar remains to be exported under the current rebate scheme. The tender result helped the market to reverse an earlier downtrend and the October position closed £1.725 higher at £196.075 a ton, after slipping to £193.75 at one stage.

Processed palm oil duty

SINGAPORE, June 30.

MALAYSIAN EXPORTS of processed palm oil products will be charged an export duty based on content of raw oil with effect from to-day, government officials said here.

Under the new system, processed products previously exempted from paying the duty charged on palm oil exports will be subject to various percentages of the basic duty on crude exports, ranging between 20-55 per cent. of the basic level, depending on the degree of processing.

The Customs and Excise department will set some 15 classifications of processed oil on which different duty levels will be charged.

They said the decision to impose duty reflected concern that the present exemption system was unfair to exporters of crude palm oil, although import duties in Malaysia's main U.S. and European markets are considerably higher for processed than for crude oil.

Until now the Malaysian Government has exempted all processed palm oil from export duty to encourage the country's developing refining industry.

The introduction of export duty on processed oils will involve no change in the method of calculating basic duty on crude palm oil, which is currently in the region of SM150 a tonne.

America has vast reserve of crop land

AN INVESTIGATION by the U.S. Department of Agriculture has shown that there are still 111m. acres of land in the U.S. which could be used for growing crops.

This is almost four times as large as the 29m. acres of cultivated land in Britain and is roughly equivalent to the total U.S. acreage of maize, oats and sorghum grown last year.

The USDA's Soil Conservation Service, which conducted the analysis of potential crop-lands in 506 U.S. counties, said 24m. acres were prime land which merely needed tilling to bring them into production. Another 54m. acres needed improved soil and water management to realise their high potential but remaining 33m. acres had serious erosion and drainage problems and would cost more to convert.

Reporting from Washington, Reuter said this latest estimate is down from earlier figures which have ranged as high as 266m. acres of land that could be converted to crops.

Potash makers charged

WASHINGTON, June 30.

A FEDERAL Grand Jury charged major producers of potash with conspiring to hold down production and fixed prices in the U.S.

The indictment, returned to the U.S. District Court in Chicago and announced by the Justice Department, said the conspiracy also involved restricting production in Canada and rigging prices there as well.

Named as defendants were Amax, Duval Corporation, Freeport Minerals, International Minerals, National Potash and Potash Company of America.

The indictment said the conspiracy operated from at least 1969 until sometime before December, 1974.

Its aim, the Grand Jury said, was to co-ordinate U.S. and Canadian production and prices for potash and to control exports of the material from the U.S. and imports from outside North America into the U.S.

The Grand Jury charged that potash prices were pushed up artificially and supplies of potash for sale in the U.S. and the U.S. export markets were curtailed.

Libertyville. International Minerals deny the charges and will enter an innocent plea.

Reuter

Buffer stock fall pushes tin prices to new peaks

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES soared to record levels on the London Metal Exchange yesterday following news of a much bigger fall in the amount of surplus supplies held by the buffer stock of the International Tin Council. A statement by the Tin Council said that buffer stock holdings had fallen to a total of 2,820 tonnes on June 30, 1976 compared with 19,631 tonnes on March 31 and 20,071 tonnes on December 31, 1975.

Although it was well known that the buffer stock has been selling heavily in the past few months to stop prices bursting through the Tin Agreement "ceiling," the size of the sales certainly took some dealers by surprise and prices moved up rapidly. Cash tin gained £118.5 a tonne to close at an all-time peak of £4,546 a tonne, while the three months quotation was £122 higher at £4,678 after trading at a record £4,710 earlier. If these rises are reflected in the Malaysian market overnight the price could well go through the existing agreement's "ceiling" of SM1,200 a picul. Already the Penang market is at SM1,187, after jumping by SM16 on Tuesday night.

The position is complicated by the expiration of the Fourth Agreement, and the expected provisional entry into force of the Fifth Tin Agreement to-day. Assuming the consumers do not agree to another rise in the tin price ranges, since this would be the third increase this year, the new buffer stock would be under immediate pressure to sell out its holdings if the "ceiling" price was breached. In that event its operations would probably be suspended quite quickly if it was in danger of completely running out of tin and thus losing any control over market prices.

There is no chance of the U.S. contributing tin metal, or funds, to the new buffer stock at this stage, since Congress has not yet even approved the State Department's intention to join the pact and President Ford made it plain when presenting the Bill to join to the Senate last week that they were not planning to make a voluntary contribution to the buffer stock.

The sharp drop in the buffer stock holdings makes it unlikely that the export controls, which expired on June 30, will be renewed again, so there could be a fresh source of new supplies available if prices rise steeply. There are also believed to be large quantities of tin held by speculators, which would also be attracted for sale at the higher price levels.

Nevertheless the cut in buffer stock will undoubtedly encourage producers, particularly Bolivia, to press for higher price ranges. At the same time it will intensify producer pressure on consumers to make voluntary contributions to the proposed new enlarged buffer stock, since they will be able to point out the usefulness of the buffer stock in preventing prices from rising as well as protecting the "floor" price. Bolivia has confirmed that it will give formal notice of its intention to ratify the new Agreement, thus enabling it to come into force provisionally to-day. But it added this was a conditional ratification for only a year during which it would press hard for a new deal for producers.

Other metals followed the upward trend in tin. Copper prices advanced strongly with cash wirebars gaining £12.5 to £907.5 a tonne following further rumours of an impending rise in the U.S. producer price. It was suggested one large U.S. company was planning to raise its price from 70 to 74 cents a pound, in the near future.

The "bullish" undertone in copper was encouraged by the forecast in the annual report of the International Wrought Copper Council that production of copper and copper alloy semi-manufactures would rise by 10 per cent. this year in Europe generally, 15 per cent. in Japan and by 25 per cent. in the U.S., which is not a member of the Council.

Rumours of a U.S. zinc price rise, following the suspension of stockpile sales, also continued to push up zinc values on the London Metal Exchange. Another encouragement was an announcement of a decline in Japanese zinc stocks in May.

Lead and silver prices were also boosted by the general upward trend in metals.

Hop market fears EEC glut

BY OUR COMMODITIES STAFF

OVER-PRODUCTION of hops in the EEC is causing considerable anxiety, said Mr. F. R. Scott, chairman of the Hops Marketing Board, yesterday.

"In our view, far and away the simplest, quicket and most straightforward way of dealing with this would be the introduction of a grubbing grant for this winter," he told the Board's annual meeting in London.

This idea had been put forward by the industry in Brussels as an alternative to the suggestions by the EEC Commission which did not appear to be adequate to deal with over-production quickly enough to improve the market situation for the 1977 crop onwards, he said.

On demand for the 1976 crop, he said the market had been stagnant for some time and had not been helped by surplus Spanish and Australian hops being offered at exceptionally low prices. The Board had secured contracts for 137,331 zentner or 77 per cent. of the annual quota. It was unlikely that much further trade would develop until the spot market.

Last year the national yield of just over 29 zentner per hectare was below average. The crop consigned to the Board amounted to 143,239 zentner, sufficient to fulfil 89 per cent. of contracts. Disposal of the crop brought in £8.3m.

● The Minister of Agriculture, Mr. Fred Peart, has ordered a public inquiry into the Board's proposed amendments to the Hops Marketing Scheme in view of objections and representations made to him about the proposals.

U.S. stockpile to sell more tungsten

WASHINGTON, June 30.

THE GENERAL Services Administration (GSA) is offering an additional 200,000 lbs (w-content) of tungsten for sale on a competitive basis.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

...—All-time record levels were traded ... London Metal Exchange following ...nnouncement that the buffer stock ...ger's holding at June 30 was only ... tonnes, much less than had been ...ated. Prices were higher from ... [illegible] ... buying and short-covering. The ITC announcement pushed forward standard metal up to £4,710 helped by stop-loss buying and further speculative demand but profit-taking and U.S. selling caused a reaction to £4,655 by the close of the afternoon Kerb. Turnover, 1,430 tonnes.

Amalgamated Metal Trading reported that in the morning cash Standard metal traded at £4,570, 75, three months, £4,610, [illegible]. Kerb: Standard, three months, £4,710, [illegible]. Afternoon: Standard, three months, £4,685, 75, 80, 85, 75, 77. Kerb: Standard, three months, £4,675, 77, 80.

COPPER—Gained ground in more active trading than of late, chartist and speculative buying initiating the upward movement and renewed rumours concerning a rise in the U.S. producer quotation adding fuel to the flames. Forward metal traded up to £946 in the afternoon Ring before easing back owing to profit-taking to £946 on the Kerb. In late inter-office dealings, however, the price recovered to £946. Turnover, 30,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	908-9	+14.5	907-8	+12.5
3 months	941-2	+15	940.5-1	+13.5
Settlem'nt	909	+14.5	—	
Cathodes				
Cash	896-7			
3 months	928.5-9			
Settlem'nt	897			
U.S. Prod.	—			

[illegible]

LEAD—Moved ... general trend ... feature of its own ... ending at the day's ... afternoon Kerb. ...

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£			
Cash	273-.5			
3 months	284.5-.5			
Settlem'nt	273.5			
N.Y. Spot	—			

ZINC—... rumours of a rise ... quotation now that ... any further disposals ... GSA stockpile. ... basis metal ... influence and ... £445 before ending ... noon Kerb. Turnover ...

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£			
Cash	427-8			
3 months	443.5-4.5			
S'ment	428			
Prod. West	—			

* Cents per pound. ... unofficial close. ...

SILVER

Silver was fixed ... for spot delivery ... market yesterday ... equivalents of the ... spot 483.3c, up 13... up 11.8c; six-month ... and 12-month 508.5c ... opened at 268-2684 ... at 270-271p ...

SILVER per troy oz.	Bullion fixing prices
Spot	271.3p
3 months	280.1p
6 months	288.2p
9 months	—
12 months	303.5p

LME—Turnover ... Morning: ... [illegible]

FREIGHTS

DRY CARGO—... a trickle with the ... in the North American ... [illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

ABOUT UNCHANGED ... [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

LONDON DAILY PRICE (raw sugar) £178 (£177) a ton c.i.f. for June-July-Aug. shipment. White sugar daily price was ... [illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

GRAINS

[illegible]

COTTON

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 30 1976	+ or —	Month ago
Metals			
Aluminium	£456		£456
Free Market (cif)	$920-945		$475-490
...	[illegible]		

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Sharp rally from copper; grains lower

NEW YORK, June 30.

COPPER futures rallied sharply on speculative buying following unconfirmed rumours of a producer price increase. Precious metals exhibited a mixed tone as silver rallied on speculative buying while gold and platinum eased on speculative selling. Cocoa, coffee and sugar rallied on speculative buying, while grain futures declined on commercial edging and speculative profit-taking, reports Bache.

Cocoa—Ghana spot 108½ (107). Bahia spot 101½ (100). July 95.93 (94.35), Sept. 93.00 (91.45), Dec. 85.75, March 81.45, May 78.15, July 75.05, Sept. 72.60. Sales: 1,156.

Coffee—"C" Contract: July 132.40 (131.00), Sept. 152.70-153.00 (151.50), Dec. 148.75-148.90, March 143.65, May 142.50-142.90. Sales: 891.

Copper—July 74.40 (72.60), Aug. 75.10 (73.30), Sept. 75.60, Dec. 77.40, Jan. 77.90, March 78.90, May 79.70, July 80.40. Sales: 9,600.

Cotton—No. 2: July 85.00 (84.45), Oct. 86.20-82.60 (85.46), Dec. 82.00-82.15, March 80.70, May 78.30-78.40, July 74.50, Oct. 69.30, Dec. 63.80. Sales: 3,850.

⊕Gold—July 123.20 (123.50), Aug. 123.90 (124.20), Sept. 124.40, Oct. 124.90, Dec. 126.00, Feb. 127.30, April 128.70, June 130.10, Aug. 131.60, Oct. 133.10. Sales: 964.

Greasewool—Spot 181.0 nom. (same). July 173.0-181.5 (174.0), Oct. 179.0-185.5 (179.0), Dec. 180.0-184.5, March 180.0-185.5. May unquoted.

†Lard—Chicago loose 17.75 (17.50 nom.). NY prime steam 19.50 asked (19.25).

Maize—July 288½-289 (292½), Sept. 285½-286 (289), Dec. 274½-275, March 283½-283¼, May 288, July 292.

Platinum—July 178.00 (173.70), Oct. 177.40 (177.50), Jan. 180.60, April 184.28, July 187.60 asked, Oct. 190.70 asked. Sales: 600.

‡‡Silver—Spot 483.50 (473.00), July 483.70 (480.90), Aug. 486.30 (483.50), Sept. 489.00, Dec. 496.60, Jan. 499.10, March 504.10, May 509.20, July 514.70, Sept. 520.30. Sales: 11,776.

*Soyabeans—July 665-666 (665), Aug. 672 (670½), Sept. 677-678, Nov. 688-686½, Jan. 693-692, March 700, May 702, July 704.

‖Soyabean Meal—July 195.50-199.00 (197.80), Aug. 201.50-201.00 (199.50), Sept. 203.50-203.00, Oct. 203.00, Dec. 204.00-205.50, Jan. 204.50, March 205.50-206.00, May 23.50, July 207.00-209.00.

Soyabean Oil—July 19.40-19.50 (19.67), Aug. 19.55-19.60 (19.53), Sept. 19.70-19.75, Oct. 19.85-19.90, Dec. 20.15-20.20, Jan. 20.30, March 20.45, May 20.60, July 20.75.

Sugar—No. 11: Spot 13.25 (13.33), July 13.25 (same), Sept. 13.78-13.88 (13.81), Oct. 14.08-14.15, Jan. 14.23 nom., March 14.42-14.45, May 14.41-14.47, July 14.35 nom., Sept. 14.34 nom., Oct. 14.35-14.35. Sales: 3,585.

Tin—370.00-375.00 asked (354.00-362.00 asked).

**Wheat—July 363-363½ (368½), Sept. 373-373½ (378), Dec. 387½-387, March 399.

WINNIPEG, June 30. ¶Rye—July 297½ bid (296 bid), Oct. 298-293½ (295 asked), Nov. 288, Dec. 288 bid.

‡Oats—July 148 (149½), Oct. 149 asked (149½ bid), Dec. 148½ bid.

§Barley—July 223 (225½ bid), Oct. 223 bid (223 bid), Dec. 223.

dFlaxseed—July 725 bid (731 bid), Oct. 740½ (744½ bid), Nov. 740 bid, Dec. 739 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 463½ (470½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ⊕ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs —Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tanks cars. ** Cents per troy ounce ex-warhouse. ‖ New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡‡ $'s per troy ounce for 50-ounce units of 99.6 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. ¶ Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. ‡ Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

I.G. INDEX 01-351 3466 SEPTEMBER COPPER 937½-947

STOCK EXCHANGE REPORT

Late fillip following Counter-Inflation White Paper

Share index up 5.9 at 383.8—Fresh modest gains in Gilts

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun. 14	Jun. 24	Jun. 25	July 6
Jun. 28	July 8	July 9	July 20
July 12	July 22	July 23	Aug. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The Government's Counter-Inflation White Paper, which came at the official House close, provided light relief from the recent tedium in Stock markets yesterday. Already a little firmer in front of the statement, leading Industrials were marked up a few pence further in response to the revisions in the price code and the absence of any alteration in the present arrangements for the control of dividends. Consequently a rise of 2.7 in the FT 30-share index at 3 p.m. was extended to one of 5.9 at a close of 383.8, making a gain of 12.3 over the last two trading days. Once again, there was a marked lack of genuine investment support and trade was extremely slow; official markings of 3,766 were the same as on Tuesday.

The White Paper had little impact on British Funds, but initial modest gains were fully held and the Government Securities index hardened 0.05 more to 62.87.

Second-line equities followed in the wake of the leaders, but interest was mainly centred around companies making trading statements, although there were one or two bright spots in response to speculative interest which was more noticeable than of late. Rises led falls by 2-1 in FT-quoted Industrials, while the F.T.-Actuaries All-Share index improved 1.0 per cent. to 155.41.

Gilts edge forward

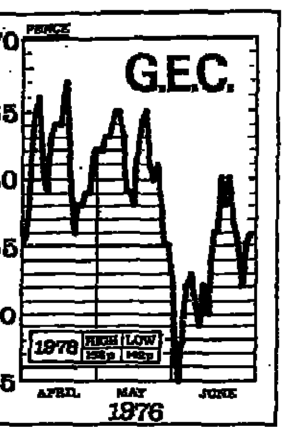
The day in Gilt-edged was very similar with those experienced earlier in the week, namely demand being small but sufficient to maintain a firm undertone in all sections of the market. Activity at the longer end was confined to the first hour or so when the Government broker withdrew his selling price of 94¾ for supplies of the long "tap," Exchequer 13¼ per cent. 1996; he was not tested at a higher level. Selected low-coupon shorts also found a few followers and, with the existing stock situations none too adequate, made improvements ranging to ⅜. The counter-inflation White Paper failed to arouse any interest after the 3.30 p.m. close.

An early rally in the investment dollar premium faded as soon as arbitrage and institutional business had been completed and the close was a further 1½ points lower at 111⅝ per cent. Yesterday's SE conversion factor was 0.6870 (0.6846).

Late gains in Banks

The big four Banks were marked up in later dealings in sympathy with the general trend. Lloyds and National Westminster improved 5 and 7 respectively to the common level of 220p, while Midland put on 5 to 260p. Barclays rallied from 272p to finish unchanged on the day at 275p. Still expressing concern about the possibility of a long drawn-out strike by employees, Allied Irish reacted 4 to 98p. Press comment on the results helped Standard Chartered improve 3 more to 388p, in Overseas issues.

Tuesday's figures released by the BIA revealing that British insurance companies last year made a record underwriting loss of £173m. on their world-wide general business had already been discounted and Composites managed to improve in the late trade with the market trend. Sun Alliance gained 5 at 385p and Commercial Union put on 4 to 113p, while Guardian Royal Exchange added 3 at 183p. Among



Brokers, Brentnall Beard edged forward 2 to 110p on the results and generous bonus issue. Minet, on the other hand, gave up 6 to 118p.

With sentiment helped by the high volume of beer sales due to the heatwave, Breweries progressed further. Continuing firm after hours, Vaux rose 10 more to 267p, making a two-day jump of 20 on the results, while Bass Charrington, 101p, Arthur Guinness, 132p, and Whitbread "A", 69½p, all put on 3. Tollemache and Cobbold gained 4 at 86p. Elsewhere, Distillers edged forward 1½ to 145½p and Luis Gordon added 2 to 20p.

Buildings had a few firm spots. BPB Industries improved 5 to 121p in response to sharply higher profits, while Bett Bros. edged up 2 to 40p on the profits forecast which accompanied the interim figures. Still reflecting hopes of a bid from Unilever, Ellis and Everard moved up 5 to 107p. Blundell-Permoglaze, however, closed a penny cheaper at 50p despite the higher interim profits.

After a cautious start, ICI moved ahead to close 5 better at 358p. Elsewhere in Chemicals, Allied Colloids improved 4 to a 1976 peak of 122p. Of the losers, Fisons shed 5 to 367p and Hoechst declined 20 to 480p.

EMI rise

EMI featured Electricals with a rise of 6 to 235p on small buying in a thin market. Plessey hardened 2 to 78p and Reyrolle Parsons gained 3 to 123p. GEC closed a penny better at 156p following preliminary figures much in line with general market expectations. Among secondary issues, Thorn Electrical were noteworthy for an advance of 6 to 218p. BSR were raised 3 to 113p, while M.K. Electric, 28p, and Chloride, 107p, put on 2 apiece. Goldring, however, eased 2 to 11p on the trading deficit.

Although looking firmer in the late trade, Stores finished little changed on the overnight levels. UDS, 74p, and "Gussies" 'A,' 178p, put on a penny apiece. Audiotronics regained 2 at 30p, while modest gains were also recorded by Dixons Photographic, 61p, and L. D. and S. Rivlin, 30p. Bolton Textile contrasted with a fall of ¾ to 10½p. In Mail Orders, Empire Stores improved 4 to 86p on small buying in a thin market.

Leading Engineerings continued their improvement with gains to 6, these occurring in both Hawker, 440p, and Tube Investments, 330p. John Brown also remained on buyers' lists and rose 5 more to 94p, while Vickers picked up 3 to 182p. General Engineering (Radcliffe) moved up 2½ to 22½ in front of to-day's results and Birmid Qualcast scored a similar gain at 59½p. News items took Brickhouse Dudley 2 higher to 30p and Weston-Evans up 1 to 44p. Braham Millar, at 38p, were also 1 dearer on Press comment. Elsewhere, Weir, 86p, and S. W. Wood, 40½p, improved 3 apiece, but Dunford and Elliott lost 2 to 39p following the interim dividend omission and first-half loss. Helped by the Government's success on the Shipbuilding and Aircraft Industry Bill vote, Robb Caledon rose 3 to 46p, but other Shipbuildings were rarely altered.

Foods closed on a quietly firm note. Rowntree Mackintosh became a steadier market, rallying a penny to 204p following the previous day's fall of 13 on the "rights" issue proposal. Geo. Bassett edged up 2 to 78p on the preliminary figures, while similar gains were seen in Fitch Lovell, 48p, and Tate and Lyle, 248p. Biscuits had a couple of firm spots in Associated and United both of which closed 3 better at 81p and 132p respectively. In Supermarkets, Lennons reflected the results with a fall of 3 to 28p.

Grand Metropolitan continued firmly, rising 3 more to 70½p, Trust Houses Forte also put on 3 to 84p, but Adda International closed a fraction easier at 11½p after the results and Brent Walker receded 2 to 58p following news that the company has sold its interest in Brent Cross to Standard Life Assurance.

Jas. Warren wanted

The Government's White Paper on counter-inflation gave the miscellaneous Industrial leaders a late boost as jobbers marked prices higher. Glaxo, 397p, and Unilever, 458p, both closed 10 higher, while Beecham were 3 dearer at 377p and BOC 2 harder at 61½p. Comment on the full report and accounts prompted a gain of 6 to 282p in Metal Box, while Rank Organisation revived with a gain of 3 to 168p. Elsewhere, second-line issues paraded a number of firm features. Speculative buying fuelled by bid hopes continued to bolster James Warren which moved ahead 4 more to a 1976 peak of 78p. News that its subsidiary Hanson Industries is to acquire the remaining shares in Hygrade Food Products it does not already own helped Hanson Trust put on 6 to 123p, while Press comment on the results left LCP 5 better at 68p. National Carbonising attracted buyers at 25p, up 4 and Unerman were sought after again at 63p, up 3. Still reflecting the chairman's bullish AGM remarks, Lesney Products gained 3 more to 62p. Improvements of 4 and 50 respectively were seen in Lep Group, 108p, and A. Kershaw, 675p. By way of contrast, White Child and Beney shed 3 to 37p on nervousness ahead of to-day's interim results.

Garages put on a reasonably firm showing in Motors. Kennings, still reflecting trading news, moved up 3½ to 52p, while Dorada hardened 1½ to 45½p and Lex Service firmed 2 to 33½p. Elsewhere, contrasting movements were provided by Kwik-Fit, 2 off at 25p following the "rights" issue proposal, and Zenith Carburretter "A," 5 higher at 48p on small buying in a thin market. Publicity given to the launch of the new Rover directed a fair amount of interest to British Leyland, but the Ordinary shares and the 6 per cent. Unsecured Loan closed without alteration at 33p and £30 respectively.

Thomson Organisation alone made a show in Newspapers, rising 6 to 280p after a peak for the year of 282p on revived North Sea enthusiasm. Elsewhere, Morgan-Grampian remained firm at 84p, up 1, still reflecting the almost doubled profits and prediction of excellent prospects.

Properties firm

Likely candidates for bid approaches were still being singled out in Properties and Haslemere Estates gained 4 to 189p, while Stock Conversion put on 3 more to 168p. Peachey also caught the eye and improved 1½ to 38½p, but Regional "A" slipped from favour and only just held at the overnight level of 37p. Second City were prominent at 29p, up 2½p, and Imry advanced 5 further to 140p in a thin market. The leaders tended to move forward late. Land Securities closing 2 better at 150p and English hardening 1 to 43½p. Against the trend, Land Investors reacted 3 to 80p.

British Petroleum took over the running from Shell in Oils and gained 8 to 605p on a succession of small investment orders. Shell eased to 428p before ending a net 2 harder at 432p, while Ultramar improved a like amount to 136p and Burmah hardened 1 to 43p. Berry Wiggins became slightly more interesting at 38½p, up 1½p, but profit-taking brought Oil Exploration back 2 to 77p. In the overseas section, Woodside-Burmah slipped 3 to 83p.

Trusts and Financials contained the odd firm feature. Hellenic and General, a rising market of late, found renewed support and rose 3 to 36p, while Yorkgreen hardened a penny to 4½p. BET improved 3 to 73p following news of the offer to acquire the outstanding shares not already owned of Rediffusion TV. In a thin market, Common Market rose 50 to 950p. Williams Hudson gained 1½ to 14½p; the chairman's letter to shareholders giving them the reasons for the Board's capital proposals had no apparent effect on sentiment. By way of contrast, Lamont took a late turn for the worse, falling 3 to a 1976 low of 12p on the results.

After the previous day's activity which followed news that Hambros had successfully placed its 8 per cent. shareholding in Furness Withy, the latter ran into profit-taking and lost 9 to 180p in Shippings. P and O Deferred, on the other hand, edged forward a penny to 104p.

British Cotton and Wool Dyers Association stood out in Textiles, rising 5 to 24p on the profits upsurge and the return to the dividend list. Good preliminary results also brought about an improvement of 4 to 69p in Hicking Pentecost, while Worth Bond found support at 44p, up 3. "Snia-Viscosa" rose 15 to 140p and Courtaulds were marked up a penny late to 132p. Virtually all of the 5 gain in Bats, at 363p, was due to a mark-up by jobbers after-hours. Imps held steady at 74p.

Golds steadier

It was a better, although erratic, day in South African Gold shares, despite the relative steadiness of the bullion price, which was finally 25 cents up at $123.875 per ounce.

After opening a st… owing to modest Cap… tinental interest … further ahead foll… opening of U.S. mark… turned off in line with… in the investment doll… although prices later… to close just below th… levels.

The Gold Mines … subsequently 3.5 bett… In the heavyweight… ranged to £1… in (£19) while gains … registered by Vaal … President Brand at £… respectively. Of the … stocks, Harmony rose … and Venterspost adv… 185p. On the o… President Steyn lost … to a year's low of 67…

Financials generall… Golds. "Amgold" an… were both ¼ higher … £17… respectively. T… based issues, all imp… pence helped by the … U.K. Industrials. Ri… being 3 up at 215p. C… seemingly unaffecte… recent strength of the… while Platinums dec… to Cape offerings. Un… were 7 down at 155p.

Tin shares, how… mostly firmer refl… sharp gains in the m… Penang and London. … Southern Malayan ha… 225p and 162p resp… St. Piran rose 3 to 4…

The lack of any … Australian markets … day of that count… financial year, was … prices here. Pancon… ¼ to £14, while BH S… 7 to 182p, but Whim… to 35p.

FINANCIAL TIMES STOCK INDIC…

	June 30	June 29	June 28	June 25	June 24	June 23
Government Secs.	62.87	62.82	62.71	62.65	62.76	62.8…
Fixed Interest	62.35	62.36	62.28	62.30	62.32	62.4…
Industrial Ordinary	383.8	377.9	371.5	375.1	376.4	382…
Gold Mines	152.2	148.7	161.5*	167.5	165.9	163
Ord. Div. Yield	5.71	5.79	5.87	5.76	5.73	5.6…
Earnings Y'ld % (full)(a)	16.12	16.35	16.58	16.34	16.25	16.…
P/E Ratio (net) (a) (b)	9.20	9.07	8.95	9.08	9.12	9.…
Dealings marked	3,766	3,766	3,572	4,207	4,520	4,3…
Equity turnover £m.	—	34.39	35.26	46.21	43.23	70.…
Equity bargains total	—	8,951	9,311	10,933	10,681	9,8…

10 a.m. 377.9. 11 a.m. 377.9. Noon 377.8. 1 p.m. 379.6. 2 p.m. 380.2. 3 p.m. 380.6.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) … Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	66.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (22/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/3/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTI…

Daily—	
Gilt-Edged	138
Industrials	120
Speculative	38
Totals	85
5-day Average	
Gilt-Edged	128
Industrials	128
Speculative	38
Totals	89

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	EQUITY GROUPS	Wed. June 30, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Tuesday June 29 Index No.	Monday June 28 Index No.	Friday June 25 Index No.	Thurs. June 24 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	141.28	+1.0	16.54	6.59	9.12	9.03	139.93	139.72	140.73	141.78	118.71	160.06 (21/4)	137.18 (2/6)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	123.33	+1.0	15.72	7.48	9.65	9.64	122.11	121.77	123.24	123.88	102.59	150.18 (15/1)	121.77 (28/6)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	186.05	+1.0	20.68	5.93	7.63	7.63	184.29	185.22	185.91	186.68	217.48	260.20 (15/1)	184.29 (29/6)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	262.95	+1.6	15.86	4.90	9.39	9.12	258.79	258.08	259.96	264.22	221.12	287.30 (21/4)	245.72 (2/6)	350.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	175.32	+1.0	22.62	6.92	6.89	6.89	173.66	172.80	172.77	172.72	141.41	193.18 (5/5)	161.88 (2/6)	202.57 (6/6/73)	94.45 (1/2/76)
6	Engineering (General) (63)	132.11	+0.7	16.24	6.75	9.14	9.13	131.21	131.03	132.07	132.91	103.15	149.29 (5/5)	125.48 (2/1)	168.59 (4/5/72)	46.14 (6/1/75)
7	Machine and Other Tools (9)	56.14	-0.9	18.77	7.89	8.04	8.03	55.66	55.31	55.63	54.97	41.84	60.52 (5/5)	51.19 (6/1)	136.70 (4/1/66)	19.96 (16/12/74)
8	Miscellaneous (25)	126.49	+0.2	14.87	6.74	10.25	9.96	126.20	126.19	126.50	126.43	106.28	141.94 (11/5)	121.53 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	122.95	+1.4	17.00	5.48	8.79	8.77	121.30	121.59	121.88	122.44	86.79	141.46 (21/4)	116.86 (2/6)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	133.98	+1.6	15.05	4.16	9.77	9.75	131.86	132.22	132.78	133.16	99.83	160.35 (7/4)	128.75 (2/6)	257.41 (19/6/72)	42.65 (12/12/74)
11	Household Goods (13)	161.31	-0.6	19.34	7.21	7.88	7.86	160.42	160.48	160.99	161.72	128.29	187.22 (7/4)	160.42 (29/6)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	77.94	+1.3	19.02	6.82	7.96	7.93	76.95	77.14	77.09	77.64	46.36	85.16 (3/6)	70.05 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	144.47	+0.9	14.68	6.33	10.32	10.18	143.16	142.84	142.98	143.46	132.32	162.24 (4/2)	138.95 (2/6)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	161.51	+2.5	14.30	6.99	10.46	10.46	157.60	156.03	155.71	155.56	149.19	179.43 (2/2)	147.99 (2/6)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	175.44	+0.5	10.86	5.77	14.08	14.08	174.59	174.02	174.14	176.41	169.29	190.67 (6/6)	169.90 (2/6)	257.40 (13/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	173.53	+2.3	14.00	7.66	11.02	10.92	169.59	167.95	167.86	169.98	149.50	211.26 (8/3)	158.17 (2/6)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	159.54	+0.8	16.46	5.52	9.23	9.17	158.08	158.21	158.97	159.30	145.89	179.44 (11/6)	157.25 (2/6)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	131.64	-0.9	13.54	5.64	10.79	10.79	130.44	130.73	131.51	132.14	127.49	160.05 (12/1)	126.86 (2/6)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	170.88	+1.1	12.20	6.07	12.60	12.60	169.04	167.97	169.50	167.63	131.87	184.34 (11/5)	157.01 (2/6)	260.29 (12/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	98.00	-1.5	16.62	7.72	9.25	9.25	96.52	96.30	96.71	96.95	90.80	112.50 (26/2)	94.92 (2/6)	135.69 (28/4/73)	43.46 (6/1/75)
21	Stores (34)	116.34	+0.2	13.02	5.93	11.83	11.81	116.12	116.14	116.01	116.17	109.67	136.24 (2/2)	113.17 (2/6)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	149.05	+1.4	10.15	7.70	14.03	11.48	147.00	146.84	146.92	148.01	137.68	183.19 (30/1)	141.90 (2/6)	253.72 (17/8/68)	62.66 (11/12/74)
23	Tobaccos (3)	218.18	+0.2	19.98	6.50	7.63	7.63	217.67	218.13	216.73	217.67	191.68	241.89 (3/6)	211.56 (5/3)	359.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	73.88	+2.8	19.81	7.44	7.03	7.03	71.87	71.67	71.82	72.11	39.47	76.73 (11/6)	59.13 (23/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	211.27	+2.1	11.78	5.33	11.80	11.80	206.92	208.33	209.09	210.36	168.13	231.38 (3/6)	199.45 (6/1)	231.38 (3/6/76)	71.20 (1/12/74)
26	Office Equipment (9)	92.61	+1.2	12.54	5.60	11.57	11.57	91.53	91.23	91.85	91.94	86.45	100.18 (19/6)	85.09 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	366.59	-0.3	14.23	7.13	9.71	8.81	365.57	361.49	367.60	366.59	340.56	432.64 (30/1)	355.52 (19/3)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	151.59	+1.3	14.68	7.30	10.19	10.19	149.67	149.72	150.42	150.93	136.37	172.98 (21/4)	148.46 (2/6)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	149.08	+1.2	14.74	6.21	10.11	10.00	147.37	147.32	147.86	148.53	129.28	165.36 (3/6)	143.68 (2/6)	230.17 (1/6/73)	59.01 (13/12/74)
30	OILS (4)	360.32	+0.9	11.88	4.55	9.73	9.01	357.12	355.71	358.05	361.21	281.91	395.84 (20/5)	331.54 (16/2)	451.66 (28/6/69)	87.23 (29/5/62)
31	500 SHARE INDEX	166.43	+1.1	14.28	5.95	10.04	9.82	164.59	164.44	165.12	166.98	141.96	183.00 (3/6)	161.90 (2/6)	227.95 (18/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	123.33	-0.7	—	6.02	—	—	122.42	121.82	122.46	123.09	127.48	153.46 (30/1)	118.53 (2/6)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	151.66	-1.7	20.42	5.58	7.53	7.53	149.11	147.90	148.06	149.11	146.43	192.16 (29/1)	146.38 (2/6)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	156.11	—	—	8.86	—	—	156.14	156.49	156.49	156.49	144.79	186.52 (13/1)	147.90 (3/6)	393.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	91.36	+0.9	—	7.11	—	—	90.51	90.64	90.61	89.16	88.89	132.10 (26/2)	89.16 (24/6)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	103.61	+0.7	—	6.89	—	—	102.87	102.00	102.21	102.91	109.19	129.46 (30/1)	95.91 (2/6)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	94.59	+0.5	—	7.42	—	—	94.16	93.12	94.04	95.11	101.94	119.75 (30/1)	92.03 (10/6)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	239.86	-1.6	10.29	4.61	14.37	14.37	243.81	246.70	246.39	248.01	192.58	276.90 (11/6)	218.26 (5/1)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (16)	71.58	-0.3	—	7.81	—	—	71.38	71.92	71.98	71.78	81.60	93.83 (27/1)	69.72 (2/6)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	154.94	+0.7	3.60	3.39	51.73	52.48	153.90	154.07	155.43	154.72	178.05	194.57 (30/1)	144.37 (2/6)	357.40 (8/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	69.94	+0.8	18.33	8.83	8.44	8.44	69.40	70.07	72.22	72.69	69.48	91.98 (3/2)	69.40 (29/6)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	151.33	+1.0	3.52	4.96	29.56	29.56	149.83	150.24	151.39	151.30	160.16	184.65 (30/1)	141.96 (2/6)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	155.41	+1.0	—	5.91	—	—	153.80	153.58	154.27	155.03	138.99	172.64 (30/1)	150.59 (2/6)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	475.76	-0.4	9.53	5.87	15.32	13.99	475.88	471.67	466.54	465.90	422.48	523.40 (7/6)	404.67 (14/1)	555.37 (23/7/73)	84.68 (25/6/65)
45	Teas (8)	138.64	—	30.39	8.54	4.46	4.31	138.64	138.64	139.31	139.31	100.06	140.44 (22/4)	117.89 (7/1)	140.44 (28/4/76)	69.72 (17/10/74)
46	Coppers (3)	229.54	—	43.09	7.49	2.32	2.32	229.34	228.85	227.43	227.43	407.19	301.47 (7/1)	176.95 (6/4)	567.76 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	102.72	+0.2	10.33	4.91	10.92	10.84	102.49	102.94	103.97	104.03	134.52	119.77 (7/1)	86.18 (3/5)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	111.67	+0.2	11.53	8.11	13.01	12.35	111.45	111.01	111.01	111.77	98.97	115.14 (10/5)	86.09 (9/2)	125.43 (12/1/73)	54.83 (27/5/71)
49	Overseas Traders (13)	222.58	-0.3	14.90	4.64	8.73	8.72	223.28	222.91	223.28	225.40	218.26	254.47 (3/6)	222.75 (2/6)	254.47 (3/6/76)	97.57 (6/1/75)

	FIXED INTEREST	Wed., June 30 Index No.	Wed., June 30 Yield %	Tuesday June 29	Monday June 28	Friday June 25	Thursday June 24	Wed. June 23	Tuesday June 22	Monday June 21	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.87	13.86	13.95	13.94	13.84	13.83	13.92	14.01	14.48	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.32	13.19	49.31	49.21	49.14	49.29	49.39	49.23	49.06	47.85	53.45 (30/1)	47.56 (2/1)	115.42 (11/9/65)	38.27 (6/1/75)
3	20-yr. Red. Deb. & Loans (15)	50.58	14.62	50.56	50.56	50.78	50.88	50.78	50.85	50.70	46.13	52.40 (21/5)	46.68 (3/1)	113.43 (23/10/65)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	48.23	14.07	49.08	48.86	48.87	48.09	48.02	47.86	47.75	43.35	51.23 (18/2)	45.43 (1/6)	114.41 (13/9/65)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	67.37	13.99	67.20	67.12	66.93	65.76	66.72	66.57	66.36	61.10	71.97 (2/2)	62.76 (2/1)	114.95 (7/10/65)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an …

Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post, 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in …

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BP	£1	9	605	+8	685	373
ICI	£1	9	358	+5	402	328
GEC	25p	8	156	+1	168	142
Barclays Bank	£1	7	275	—	350	265
Brent Walker	5p	7	58	-2	60	37
Marks & Spencer	25p	7	99	—	108	88
Shell Transport	25p	7	432	+2	482	378
Allied Brew.	25p	6	67½	+1½	77	60½
"Bats"	25p	6	363	+5	410	342
BLMC 6% Uns. 1998-03	£100	6	£30	—	£32	£22
Courtaulds	25p	6	132	+1	169	123
Dunlop	50p	6	77	+1	98	69
GKN	£1	6	316	+3	360	266
London Tin	20p	6	171	-2	177	147
RTZ	25p	6	213	+3	239	178

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 22	July 5	Sep. 16	Sep. 28
July 6	July 10	Sep. 30	Oct. 12
July 20	Aug. 2	Oct. 14	Oct. 26

"Calls" were dealt in British Car Auction, Burmah Oil, Argyle Securities, Hawthorn Leslie, Lonrho, Berry Wiggins, Peachey Property and British Land. A "put" was done in J. Sainsbury, while a "double" was arranged in Burmah Oil.

Industrials		Guardian	18	Spillers	4	Shell	27
		G.K.N.	25	Tesco	4	Ultramar	14
A.P. Cement	15	Hawker Sidd.	35	Thorn "A"	22		
Assoc. Leisure	5	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	20	Unilever	38	Anglo Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
Boots Drug	12	I.C.L.	14	Vickers	15	Charter'll Fin.	4
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons. Gold	15
B.A.T.	30	Legal & General	12	Woolworths	8	De Beers Def.	65
British Leyland	5	Ladbroke	11			F. S. Geduld	350
BOC Int.	5½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	6½	"Lofs"	4	Brit. Land	3½	Hampton Areas	12
Cadburys	5	"Mams"	7	Cap.Counties	5	Hampton Prop.	4
Courtaulds	11	Marks&Sp'ncer	8	E. P.	6	Kloof	100
Debenhams	8	Midland Bank	22	Int. Europ.	7	Lonrho	9
Distillers	15	Nat'l West Bank	20	Land Securities	14	Loraine	55
Dunlop	7½	"Do" Warrants	8½	MEPC	7	Poseidon	56
Eagle Star	11	P & O Dfd.	11	Peachey	3	Pres. Steyn	200
E.M.I.	17	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Gen. Accident	12	R.H.M.	5	Town & City	2½	Welkom	56
Gen. Electric	13	Rank Org. 'A'	18			West Areas	40
Glaxo	35	Reed Int'l.	23	Oils		Western M'ng.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	16	Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (15)

BRITISH FUNDS (2)

Treas. 3½pc '77-80 … Exchr. 13¼pc '96

AMERICANS (1)

Eaton Corp.

BUILDINGS (1)

Ang. Am. Asphalt

CHEMICALS (2)

Allied Colloids … Ball (W.) W.J.

STORES (1)

Cope Sportswear

ENGINEERING (4)

Bever Peacock … Newton (J. M.)

Blakeys … Warren (J.)

TEXTILES (1)

Hicking Pentecost

TRUSTS (1)

Jersey External

MINES (2)

St. Helena … North Broken Hill

NEW LOWS (23)

CANADIANS (2)

Brascan … Seagram

BUILDINGS (1)

Beaver

CHEMICALS (2)

British Tar Prods. … Ciba Geigy 7¼pc Ln.

STORES (2)

Beattie (J.) 'A' … Bolton Textiles

ELECTRICALS (2)

Telefusion … Do. 'A' N-V

ENGINEERING (2)

Central Wagon … Renold

McKechnie Bros.

FOODS (1)

Robertson Foods

INDUSTRIALS (2)

Cape Inds. … White Child & Beney

TRUSTS (3)

Bevcourt … Yorkgreen

City & Comml. Cap. … Lamont Hldgs.

M & G 2nd Inc. … Smith Bros

Scot. Cities 'A' … Sun Finance

MINES (1)

President Steyn

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	…	5	28
Corpns. Dom. and Foreign Bonds	13	10	41
Industrials	332	165	1,221
Financial and Prop.	158	59	360
Oils	7	6	24
Plantations	—	—	45
Mines	45	25	77
Recent Issues	22	6	29
Totals	587	276	1,823

BASE LEN… RATE…

Allied Irish Bank…
American Express …
Anglo-Portuguese …
Henry Ansbacher …
Banco de Bilbao …
Banco de Jerez …
Bank of Cyprus …
Bank of N.S.W. …
Banque du Rhone …
Barclays Bank …
Barnett Christie …
Bremar Holdings …
Brit. Bank of Mid…
■ Brown Shipley …
Canada Permanent …
Cayzer, Bowater C…
Cedar Holdings …
■ Charterhouse Japhet …
C. E. Coates …
Consolidated Cred…
Co-operative Bank …
Corinthian Securi…
Credit Lyonnais …
G. R. Dawes …
Duboff Brothers …
Duncan Lawrie …
English Transcont…
First London Sec…
First Nat. Fin. Co…
First Nat. Secs. L…
■ Antony Gibbs …
Goode Durrant T…
Greyhound Guar…
Grindlays Bank …
■ Guinness Mahon …
■ Hambros Bank …
Hawtin & Partne…
■ Hill Samuel …
C. Hoare & Co. …
Julian S. Hodge …
Hongkong & Sha…
Industrial Bank of…
Keyser Ullmann …
Knowsley & Co. L…
Lloyds Bank …
London & Europe…
London Mercantil…
Midland Bank …
■ Samuel Montagu…
■ Morgan Grenfell…
National Westm…
Northern Comm…
Norwich General…
Portman Guarant…
P. S. Refson & C…
Rossminster Acc…
Schlesinger Limit…
E. S. Schwab …
Security Trust C…
Shenley Trust …
Standard Charter…
Trade Developme…
Twentieth Centur…
United Bank of K…
Whiteaway Laidl…
Williams & Glyn…
Yorkshire Bank …

■ Members of the Ac… Committee.
• 7-day deposits 6½%, 1… 6¾%.
† 7-day deposits on sum… under £10,000 … up to £… over £25,000 7¼%.
§ Demand deposits 8%.
‡ Call deposits over £1…

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Very large amounts of money were involved in trading in the London money market yesterday, and although the authorities gave an exceptionally large amount of assistance to the market once again, it is now believed in official circles that the policy of making exceptionally large loans available to the market over the previous three days, for repayment yesterday, has been successful in dealing with the recent severe shortage of day-to-day funds.

The authorities lent a small amount to one or two discount houses yesterday, overnight at Bank of England Minimum Lending Rate, and also bought a very large number of Treasury bills and local authority bills from the houses.

Banks carried forward very large surplus balances from Tuesday and the market was also helped by the expected very large excess of Government disbursements over revenue payments to the Exchequer. These were more than balanced however by repayment of the earlier advances to the market by the authorities, and a net take-up of Treasury bills.

Discount houses paid around 11½ per cent. for secured call loans in the early part, and after the official help balances were found at 10-10⅝ per cent.

In the inter-bank market overnight loans commanded 11¼-11⅝ per cent. at the start, and eased to 10¼ per cent., before rising to 11½ per cent., and falling at the close to 5-6 per cent.

Rates in the table below are nominal in some cases.

June 30 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills Φ	Bank Bills Φ	Fine trade Bills Φ
Overnight	—	5-11½	—	—	—	10½-11	10-11½	—	—	—
2 days notice	—	—	11-11⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	11-11⅛	11-11¼	—	11⅜-12	—	10¾-11	—	—	—
One month	11⅛-11⅜	11⅛-11½	11-11¼	11½-11	11⅜-12	—	10¾-10⅞	10⅞-10⅞	11⅛-11⅛	11¾-11½
Two months	11¼-11⅛	11⅛-11¼	—	11¼-10¾	11½-12	—	10¾	10½-10⅝	11⅛	11¾-11½
Three months	11⅜-11⅛	11⅛-11⅜	11¼-11⅜	11⅛-10¾	11½-12	—	10¾	10½	11	11¾-11⅛
Six months	11⅜-11¼	11¼-11⅜	11⅜	11-10½	11½-12	—	—	—	10⅞	11¾-11⅛
Nine months	11½-11⅝	11¼-11⅜	—	11¾-11¼	12¼-12½	—	—	—	—	—
One year	11⅝-11⅞	11⅝-11¾	11⅞-12	12-11½	12½-12¾	—	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 13-13⅛ per cent.; four years 13¼-13⅜ per cent.; five years 13¼-13½ per cent. Φ Bank bill rates in table are buying rate for prime paper; buying rates for four-month bank bills 11-10 31/32 per cent.; four-month trade bills 11⅛-11½ per cent. Approximate selling rate for one-month Treasury bills 10⅝ per cent.; two-month 10 27/32 per cent.; and three-month 10 9/16 per cent. Approximate selling rate for one-month bank bills 11-10 15/16 per cent.; two-month 10 31/32-10 15/16 per cent.; and three-month 10 15/16 per cent.; for one-month trade bills 11⅜-11⅛ per cent.; two-month 11⅜-11⅛ per cent.; and three-month 11⅜-11⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11 per cent. from July 1, 1976. Clearing Bank Deposit Rate for small sums of seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.3919 per cent.

CORAL IN…

Close 382-…

INSURANCE … RATE…

† Atlantic Assuran…
Cannon Assuranc…
† Address shown under Property Bond table.

AUTHORISED UNIT TRUSTS

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC1. 01-600 9481

G.T. Cap. Inc.	59.3	63.1	.....	2.90
Do. Acc.	68.1	72.4	.....	2.90
G.T. Inc. Fd. Un.	105.0	111.6	.....	8.80
G.T. U.S. & Gen.	129.4	137.6	.....	1.60
G.T. Japan & Gen.	204.9	217.9	.....	1.00
⊕G.T. Pens. Ex. Fd.	125.1	131.3	.....	2.30
G.T. Int'l. Fund	94.0	100.0	.....	1.00

G. & A. Tst. (a) (G)
5, Rayleigh Rd., Brentwood. (0277) 227300

G & A	24.0	25.8	+0.2	5.64

Gartmore Fund Managers♥(a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(z)American Tst.	25.3	27.2	-0.1	2.70
British Tst. (Acc.)	33.9	36.5	+0.4	4.12
Capital Fund	118.7	127.0	+0.5	3.04
High Income Tst.	39.2	42.1	.....	10.38
Income Fund	48.3	51.9	+0.5	8.82
Int. Agencies	£12.51	13.40	-0.09	3.10
(a)) Exempt Fd.	79.3	85.3	+0.6	5.99
(z)Int. Ts. (Acc.)	28.7	30.9	.....	2.47

Gibbs (Antony) Unit Tst. Mgs. Ltd.
23, Blomfield St., EC2M 7NL. 01-588 4111

(a)A.G. Income*	26.2	28.2	.....	11.30
(a)A.G. Growth††	22.6	24.2	.....	4.20
(a)A.G. Far East*	24.1	25.5	.....	0.30

Dealing *Tues. ††Wed.

Govett (John)♥
77, London Wall, E.C.2. 01-588 5620

Stockhldr. June 18	113.0	119.0	.....	1.85
Do. Accum. Unit	132.3	139.4	.....	1.83

Next dealing day July 2.

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Bar'tm June 30	159.7	167.3	-2.6	4.80
(Accum. Units)	163.4	171.2	-2.7	4.80
Bng H. Yd. June 26	124.1	130.0	.....	9.86
(Accum. Units)	127.1	133.1	.....	9.86
Endeavour Ju. 29	160.8	168.4	.....	3.24
G'chstr. June 25	97.1	101.7	.....	3.01
Ln Brts. June 30	66.0	69.0	-0.5	5.07

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	60.9	64.3	+0.4	4.83

Henderson Administration
Premier U.T. Admin., Rayleigh Road, Brentwood, Essex. 0277 227300

L & C Unit Trust Management Ltd.♥
The Stock Exchange, EC2N 1HP. 01-588 2800

L&C Inc. Fd.	95.6	98.6		8.34
L&C Intl & Gen Fd.	84.3	87.0		2.77

Lawson Securities Ltd. (a)(c)♥
63 George St., Edinburgh EH2 2JG. 031-226 3911

‡Raw. Materials	24.3	26.4	.....	8.34
‡(Accum. Units)	24.3	26.4	.....	8.34
*Growth Fund	57.7	65.4	.....	4.90
*(Accum. Units)	60.1	66.1	.....	4.90
††Gilt and Warrant	26.8	29.8	.....	2.70
‡American Fd.	24.1	26.3	-0.1	1.50
‡(Accum. Units)	24.4	26.6	-0.1	1.59
**High Yield	37.2	40.9	.....	12.59
**(Accum. Units)	44.1	48.5	.....	12.59

Deal. ‡Mon. *Tues. ††Wed. ‡Thurs. **Fri.

Legal & General Tyndall Fund♥
18, Canynge Road, Bristol. 0272 32241

Dis. June 6	43.4	45.8		5.92
(Accum. Units)	50.6	53.4		5.92

Next sub. day July 14.

Leonine Administration Ltd.
20 Throgmorton Street, EC2 2AN. 01-236 1171

Leo Dist.	49.5	52.2	+0.8	7.58
Leo Accum.	50.7	53.4		7.72

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥(a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

First (Balncd.)	38.8	41.7	+0.4	4.96
Do. (Accum.)	49.7	53.4	+0.5	4.96
Second (Cap.)	42.6	45.7	+0.1	3.52
Do. (Accum.)	50.7	54.5	+0.1	3.52
Third (Income)	63.3	68.0	+0.3	6.94
Do. (Accum.)	78.6	83.9	+0.4	6.94
Fourth (Exinc.)	44.1	47.4	+0.4	9.14
Do. (Accum.)	44.8	48.1	+0.3	9.14

Lloyd's Life Unit Tst. Mngrs. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Equity Accum.	104.8	110.4	-2.0	5.41

London Wall♥(a)(g)
1, Finsbury Square, EC2A 1PD. 01-606 5811
Unit Dealing, 18, Canynge Rd., Bristol BS99 7UA. 0272 32241

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. June 30	112.0	119.1	.....	4.50
Accts. Uts. June 30	135.6	144.3	.....	5.50
Merc. Int. June 30	67.7	72.0	.....	3.30
Acc. Uts. June 30	69.3	73.7	.....	3.30

Midland Bank Gp. Un. Tst. Mgrs. Ltd.♥(a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., E.C.4

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG.

Mutual Unit Trust Managers♥(a)(g)
15, Copthall Ave., EC2R 7BU.

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH

National Westminster♥ (a)
41, Lothbury, EC2P 2BP

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

						IRISH		
Albany Inv. 20p	38	.....	Higsons Brew.	93	.....	Conv. 9% '80/82	£87	+¼
Ash Spinning	34	.....	I.O.M. Stm. £1	133		Alliance Gas	54	
Bertam	24	.....	Holt (Jos.) 25p	235	.....	Arnott	225	.....
Bdg'wtr. Est. 50p	135	+2	Kleen-e-Ze	33		Carroll (P.J.)	103	+3
Clover Croft	38	.....	Lovell's Ship £1	105	+5	Clondalkin	46	.....
Craig & Rose £1	380	.....	N'thn. Goldsmith	85	.....	Concrete Prods.	98	+1
Dyson (R.A.)	35	.....	P.M.A.	40	+2	Helton (Hldgs.)	23	
Ellis & McHdy.	49	.....	Pearce (C.H.)	85	.....	Ind. News	40	
Evans F'r'k 10p	23	.....	Peel Mills	14	.....	Ins. Corp.	160	.....
Everred	11	.....	RobbCaledon5p	3	-25	Irish Distillers	58	+½
Fife Forge	48	.....	Sayers 12½p	13	.....	Irish Ropes	90	.....
Finlay Pkg. 5p	26½	.....	Sheffield Brick	80	-2	Jacob	63	-1
Frost & Reed 50p	152#	.....	Sheff. Refrshmt.	140	.....	Sunbeam	11	.....
Graig Ship. £1	315	.....	Shiloh Spinn.	25	.....	T.M.G.	92½	.....
Hallam Sleigh 10p	3	.....	Sindall (Wm.)	30	.....	Unidare	70	.....

LEADERS AND LAGGARDS

The following table shows the percentage changes* which have taken place since December 31, 1975, in the principal equity sections of the F.T.-Actuaries Share Indices. It also contains the F.T. Gold Mines Index.

...ins	+ 19.15	All-Share Index	− 2.71
...ubbers	+ 17.54	Electronics, Radio and TV	− 3.72
...ms	+ 17.08	Consumer Goods (Non-Durable) Group	− 4.29
...oys and Games	+ 15.66	Household Goods	− 4.78
...nsurance (Brokers)	+ 11.42	Stores	− 5.92
...otors and Distributors	+ 10.59	Packaging and Paper	− 7.31
...achine Tools	+ 9.35	Food Retailing	− 8.96
...	+ 7.77	Entertainment and Catering	− 9.37
...ffice Equipment	+ 7.56	Mining Finance	− 9.42
...ngineering (Heavy)	+ 6.29	Textiles	− 9.89
...lectricals	+ 5.78	Banks	− 9.97
...ngineering (General)	+ 5.25	Financial Group	− 10.80
...hemicals	+ 4.75	Discount Houses	− 10.79
...ewspapers and Publishing	+ 4.01	Insurance (Composite)	− 10.81
...onsumer Goods (Durable) Group	+ 0.20	Investment Trusts	− 11.15
...ines and Spirits	− 0.27	Property	− 11.80
...00 Share Index	− 0.30	Coppers	− 12.28
...reweries	− 0.72	Insurance (Life)	− 12.38
...hipping	− 0.85	Building Materials	− 12.48
...obacco	− 1.57	Hire Purchase	− 12.62
...apital Goods Group	− 1.86	Merchant Banks, Issuing Houses	− 16.53
...ndustrial Group	− 1.73	Contracting and Construction	− 25.35
...verseas Traders	− 2.84	Gold Mines F.T.	− 37.52
...ood Manufacturing	− 2.85		

* Percentage changes based on Tuesday, June 29, 1976 indices.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
99 15/32	92 3/16	Treasury 6½pc 1976‡‡	99 15/32	......	6.54	11.00
98⅝	98⅝	Victory 4pc 1976‡‡	98⅝	......	4.04	—
101 11/32	99 3/16	Treasury 10½pc 1976‡‡	100 1/16	−1/16	10.50	10.35
98 3/32	95 3/32	Treasury 6¼pc 1977‡‡	97 5/16	+1/16	6.42	10.30
97¾	94½	Electric 3pc '74-77	96½	+⅛	3.11	8.17
103 7/32	92 3/16	Treasury 11½pc '77‡‡	100 31/32	+3/32	11.42	10.81
94⅝	91⅞	Treasury 3pc '77‡‡	92⅝	−1/32	3.17	7.15
95⅝	92¼	Transport 4pc '72-77	95½	+1/32	4.19	7.23
99 1/16	90½	Treasury 9pc 1978‡‡	96 31/32	......	9.30	11.08
101½	97	Treasury 10½pc '78‡‡	99 3/32	......	10.54	10.75
93⅛	89⅝	Exchequer 5pc '76-78‡‡	92 3/16	−1/32	5.41	8.76
103 11/16	97⅞	Treasury 11½pc '79‡‡	100 7/16	−1/32	11.45	11.27
88 11/16	83⅝	Treasury 3pc '79‡‡	88⅝	+¼	3.38	7.00
89⅞	73⅞	Electric 4¼pc '74-79	88⅞	+⅛	4.78	8.22
100 3/32	DM11.38	Treasury 10½pc '79‡‡	DM11.38	+⅛	10.77	11.38
88¼	83⅝	Electric 3½pc '76-79	88⅛	+⅛	3.97	7.54
96 11/32	90¼	Treasury 9pc 1980‡‡	93 1/16	......	9.67	11.34
96½	91¼	Treasury 9½pc '80‡‡	93 11/32	+1/32	10.16	11.60
86 1/16	82¼	Treasury 3½pc '77-80	86 1/16	+3/16	4.07	7.65
89¼	71	Funding 5¼pc '78-80‡‡	89¼	+⅛	5.88	8.50
103 3/16	96 11/16	Treasury 11½pc 1981	99 17/32	−1/32	11.55	11.63
86	79	Treasury 3½pc 1979-81	83½	+⅛	4.19	7.81
95⅝	90⅛	Treasury 8¼pc 1981‡‡	92 3/32	+1/32	10.57	11.91

Five to Fifteen Years

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
94⅛	86	Treasury 8½pc '80-82‡‡	87⅞xd	+⅛	9.64	11.43
107¾	99⅝	Treasury 12pc 1983‡‡	102⅞	+⅛	12.13	12.23
81⅛	73¼	Funding 5½pc '82-84‡‡	76⅞xd	......	7.14	9.90
87⅝	79⅞	Treasury 8½pc '84-86‡‡	81¾xd	......	10.37	11.59
74⅞	67⅛	Funding 6½pc '85-87‡‡	69⅜	......	9.46	11.66
77⅝	71	Treasury 7¾pc '85-88‡‡	72⅛xd	......	10.66	12.23
[illegible]	[illegible]	Transport 3pc '78-88	48¾xd	......	6.15	10.67

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 45¼% (based on $1.7530 per £)

Conversion factor 0.6870 (0.6848)

CANADIANS

S.E. List Premium 45¼% (based on $1.7265 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل الأصل

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	350	Blyvoor 25	420xd	+10	Q75c	ϕ	10.6
£14	785	Buffels R1	810	+10	Q125c	ϕ	9.2
198	95	Doelkraal R0.20	140	+13	—	—	—
760	325	Doornfontein R1	330xd	+5	Q55c	ϕ	9.9
965	640	East Drie R1	675xd	−15	Q75c	1.7	6.6
280	160	Elandsrand Gld. 20c	195	+5	—	—	
190	105	Elsburg R1	110xd	+5	‡Q338c	1.0	‡
£16½	£11¼	Hartebeest R1	£11½xd	+¼	Q190c	ϕ	9.8
695	420	Kloof Gold R1	440xd	+20	Q47c	ϕ	6.3
760	400	Libanon R1	430xd	+10	Q80c	ϕ	11.0
740	335	Southvaal 50c	490	+5	Q8c	1.3	1.0
245	140	Stilfontein 50c	165	......	‡Q36c	2.2	‡
£20½	£13	Vaal Reefs 50c	£13¼xd	+¾	‡Q175c	2.1	‡
420	170	Venterspost R1	185xd	+15	‡Q70c	1.9	‡
£35	£18	W. Drie R1	£18xd	......	Q335c	ϕ	11.0
315	165	Western Areas R1	175xd	+5	‡Q52c	1.4	‡
£15¼	810	Western Deep R2	825xd	+15	‡Q[illegible]c	1.6	‡
290	190	Zandpan R1	215xd	......	Q31¼c	ϕ	8.6

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	75	Free State Dev. 50c	100	......	Q14c	1.6	8.3
£22½	£12	F.S. Geduld 50c	£12½	−½	‡Q330c	1.3	‡
200	57	F.S. Saaiplaas R1	160	+5	26c	[illegible]	2.2
465	295	Harmony 50c	360	+35	Q65c	ϕ	10.7
195	70	Loraine R1	102	+2	Q6c	0.5	3.5
£18½	950	Pres. Brand 50c	£12	+¼	‡Q250c	1.3	‡
£13	670	Pres. Steyn 50c	670	−10	‡Q125c	2.2	‡
£23	£12¼	St. Helena R1	£12½	+¼	‡Q250c	1.2	‡
174	86	Unisel	114	+4	—	—	—
330	220	Welkom 50c	230	+5	‡Q55c	1.7	‡
£25½	£14	W. Holdings 50c	£17	+½	‡Q475c	1.2	‡

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
85	42	Botswana RST R2	55	......	—	—	—
335	170	Messina R0.50	265	......	†Q35c	1.9	7.8

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	ϕ	2.0
39½	23	Charterhall 5p	27	......	—	—	—
965	580	Cons. Murch. 10c	850xd	......	†Q80c	1.8	5.6
55	28	Laurasia	33	−2	—	—	—
455	245	Northgate C$1	350	−5	—	—	—
239	178	R.T.Z.	213	+3	5.42	2.1	3.9
112	83	Sabina Inds. C$1	86	+1	—	—	—
£15⅞	£10	Tara Expln. $1	£14[illegible]	−[illegible]	—	—	—
90	65	Tehidy Minerals 10p	85	...	2.17	ϕ	3.9
142	84	Yukon Cons. C$1	140	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- [illegible] Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- [illegible] Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- [illegible] Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- [illegible] Merger bid or reorganisation in progress.
- [illegible] Not comparable.
- [illegible] Same interim: reduced final and/or reduced earnings indicated.
- [illegible] Based on 1973 profits.
- [illegible] Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- [illegible] Excluding a final dividend declaration.
- [illegible] Regional price.
- [illegible] No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend. xc ex scrip issue. xr ex rights. xa ex all. xc ex capital distribution.

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES
Thursday July 1 1976

LOCAL STAKE IN FOREIGN BANKS WILL BE RAISED TO 60 PER CENT.

Nigeria extends takeover measures

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE NIGERIAN Government has announced the introduction of important new measures to increase local shareholdings in foreign companies as well as punitive action against those companies which have not fulfilled their obligations under earlier "Indigenisation Decrees."

Under these decrees—first published in 1974—companies operating in Nigeria which were wholly foreign-owned were *obliged to relinquish a substantial* portion of their equity to either private or Government Nigerian interests.

In a broadcast late on Tuesday, General Obasanjo, the Head of State, announced that, as from September 30, all foreign-owned banks would have to have 60 per cent.—instead of the current requirement of 40 per cent.—*Nigerian equity participation.* Banks likely to be affected include Standard and Chartered and Barclays International.

In what appears to be a major revision and extension of the 1974 measures, General Obasanjo announced that henceforth there would be three instead of two categories *of companies affected*

Under the 1974 legislation certain categories of companies were required to sell out completely to Nigerian ownership while others, with a specified turnover, were required to sell 40 per cent. of their equity. Now a third category has been introduced which obliges 60 per cent. *Nigerian participation.*

Gen. Obasanjo, whose broadcast ranged widely over economic and foreign affairs, said that those companies which had not fulfilled their obligations under the 1974 legislation would be taken over immediately.

While it has been known for some months that Nigeria was considering tightening up its local participation requirements, Gen. Obasanjo's broadcast has come as something of a surprise to the business community, both in Nigeria and abroad.

Very few details about which companies might now be affected—either under the new schedules, or by the takeovers—have been published, a factor which has increased business concern.

It would appear, however, that the new measures are based on the report of a commission into indigenisation, set up last January and headed by Mr. O. A. Adeosun, the managing director *of Nigerian Stockbrokers.* It is believed that the Adeosun report was submitted to the Government in April.

According to sources in Lagos, Adeosun recommended the extension of the 100 per cent. ownership schedule by some 24 categories of business, including departmental stores, shipping and shipping agencies, brokerage, manufacturers' representatives and wholesale distribution.

All of these could affect British and other foreign companies in Nigeria, although undoubtedly the list of companies under the new 60-40 per cent. schedule would be of most significance, at least to British concerns.

In addition to foreign owned banks (including merchant banks, many of which are still 100 per cent. foreign owned), Adeosun is thought to have recommended the inclusion of 12 other categories, including insurance, mining (chiefly affecting British Amalgamated Tin *Mines), the petroleum industry,* much of which is already majority Nigerian owned, and large-scale construction, which, broadly, is not.

Apart from the banks, which are required to complete the 60-40 per cent. shareholding requirement by the end of September this year, Gen. Obasanjo said, that other affected companies would be given until the end of 1978 to fulfil their new obligation.

There is also considerable mystery over the 500 or so "defaulting enterprises" originally affected by the 1974 decree which are now, according to *Gen. Obasanjo, to "be sealed* up and taken over immediately."

Although Gen. Obasanjo said that appropriate arrangements would be made "to dispose of them at once," it was not clear yesterday whether measures were already under way

Given the paucity of detail, it is impossible to say how many companies, or what sums, might be involved. British investment in Nigeria, excluding oil, is reckoned conservatively at some £250m.

Apart from Shell and BP, whose investments in Nigeria, despite their 60 per cent. Nigerian shareholdings, are still thought to be around £150m., major British investors include Unilever, Guinness, Standard and Chartered and Barclays Banks, Lonrho and a number of textile cement and other industrial concerns.

GEC attacks 'expropriation' in aircraft takeover Bill

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A BITTER ATTACK on the Government's Aircraft and Shipbuilding Industries nationalisation Bill, and particularly on its "manifestly unfair" compensation proposals, which amount to "expropriation," was made yesterday by GEC, which through English Electric Company owns 50 per cent. of the British Aircraft Corporation.

GEC revealed that in its results for the year to March 31 it had made provision for £12.9m. for that year, and £8.7m. for the previous year "against expropriation by the Government of part of the profits of the British Aircraft Corporation on enactment of the Bill.

"This provision has been made necessary because, on enactment of the Bill, GEC's existing legal interest in half the profits of BAC will be retrospectively reduced," said GEC.

In effect, the GEC is saying that because in the Bill compensation is based arbitrarily on the period up to February, 1974, and because inflation since has substantially reduced the value of money, such compensation as it *may eventually get will be worth*less to its shareholders than is fair and proper especially since in the interim BAC's own results have improved.

The GEC directors, headed by Lord Nelson of Stafford, chairman, and Sir *Arnold Weinstock,* managing director, point out that the Bill contains provisions which will reduce retrospectively the company's interest in the earnings of BAC.

"Therefore, the directors consider it prudent to make a provision to exclude, in the company's consolidated profit-and-loss account for 1975 and 1976, those profits of BAC in excess of dividends approved by the Secretary of State. The comparative figures for 1975 have been accordingly restated."

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Results Page 23

GEC states that when the BAC was formed in 1960 it was agreed, by its shareholders, including Vickers, English Electric and others, that it would be financed by its shareholders and not out of retained profits.

"Accordingly, it provided that in normal circumstances the whole of BAC's profits would be distributed to its members, but this basic intention as to dividends has been negated by the provisions of the Bill.

"That the *shareholders'* legitimate interest in the total profits of BAC earned since 1973 should be so reduced without compensation is, in the view of the directors, a deprivation amounting pro tanto to expropriation."

Lord Nelson, in his chairman's statement, says: "No-one doubts that much of the overspending in which Governments indulge stems from good intentions.

"But the same cannot be said for this Government's mindless insistence on the appropriation of your company's interest in the aerospace industry, notwithstanding that no Government has provided the slightest evidence that it can cope with the problems of the concerns already in public ownership.

"In this case, not only is the intention wrong, but it is exacerbated by the nature of its execution, involving a basis of compensation which is (for the first time in a case of nationalisation) manifestly unfair, and defended (in an equally unprecedented *manner) by officials as well as* Ministers, with specious arguments which cannot be intended to do other than dress up a purely political act.

Christians seize refugee camp in Lebanon

BY IHSAN HIJAZI

BEIRUT, June 30.

ONE of the two Palestinian refugee camps in Lebanon's predominantly Christian enclave finally fell to Right-wing Maronite forces late last night.

This could be a significant tactical victory for the Christians in their bid to consolidate a sovereign territory of their own from which to negotiate when the fighting stops.

A spokesman for the Palestinian guerillas admitted to-day that the Phalangist Party militia and their allies had taken over the Jisr al Pasha camp and that 1,500 of its people had fled from it together with armed commandos who had taken up positions in nearby buildings. The nearby Tel al Zaatar camp, larger and more populous was still under heavy attack from the Right-wing Christian forces backed by tanks and armoured cars.

As the Arab League Foreign Ministers met in Cairo to discuss the deterioration in Lebanon, the Palestinians and their left-wing allies launched counter attacks to take pressure off Tel at Zaatar and avenge the loss of Jisr al Pasha. "The question is no longer whether the camps can be saved but what we can do in retaliation," a Palestinian spokesman said.

The fall of Tel al Zaatar would clear the Christian enclave of almost all remaining Moslem and Palestinian pockets of resistance and effectively consolidate the de facto partition of Lebanon.

The toll over the previous 24 hours of house-to-house fighting and shelling in Beirut alone was estimated at 352 dead and 520 wounded, including 150 dead and 200 wounded in the camps. Shells fell throughout the city and a dozen hit the airport which closed on Sunday after a Christian barrage struck the terminal destroying an airliner and killing the pilot.

In a communique, the joint *Palestinian-Left-wing military* command charged that the Syrian Army has provided cover for the Christians in their attack against the two camps. This was done by protecting the back of the Phalangists and their allies and by attacking Palestinian and Left-wing forces elsewhere in the country, it was alleged

Syrian troops stationed in the east of the country were reported to have struck at the positions at Oyoun el-Siman in the hills overlooking the ski resort of Faraya. The Syrians, who are said to have about 15,000 troops in various parts of Lebanon, were reported to have advanced from the Bekaa Valley into the *hills and have attacked the back* of the Palestinian and Left-wing units.

Michael Tingay reports from Cairo: An emergency meeting of Arab League foreign ministers was struggling on Wednesday night for the second time in three weeks to declare a coherent and unequivocal Arab policy which could bring an end to the fighting in Lebanon.

Discussion in Cairo to-night, which is bound to be mixed with bitter denunciations, can hardly avoid the conclusion that Arab Foreign Ministers collectively are unable to influence events on the ground in the Lebanese civil war and control developments there.

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Leyland workers in ban on overtime

BY ALAN PIKE, LABOUR STAFF

A DISPUTE which challenged the £6 pay policy a year ago erupted again as the White Paper on the 4½ per cent. pay policy was published yesterday.

A mass meeting of nearly 9,000 workers at British Leyland's bus and truck factories in Lancashire voted by an overwhelming majority to ban overtime from the beginning of next month in an attempt to force payments of parts of a wage agreement, frozen by the policy.

Last July the agreement awarded the workers increases of £6 a week plus £52 lump sum payments. However, the settlement did not come into force until September and was overtaken by the pay policy. After an approach from the Government the company withdrew the £52 and other fringe benefits.

The Lancashire workers staged a three-week overtime ban last summer but withdrew plans for a strike and reluctantly accepted the flat £6. Now they have revived their claim and are insisting that they should be paid the £52 this year. British Leyland's position is that it is still debarred by Government policy from meeting the original agreement.

It is planned to start the overtime ban on August 2, the day the factories return from their annual summer holiday and the day after the new pay policy comes into force.

The bus and truck workers stand little chance of being supported by the Amalgamated Union of Engineering Workers, to which most belong. Since December the union has supported the policy and, earlier this year, the executive took a strong line in ordering other groups of Leyland workers who challenged the £6 limit to return to work.

As orders worth more than £17m. rolled in yesterday for British Leyland's new Rover 3500, men involved in work on the car outside the main Solihull factory are objecting to being excluded from a productivity-boosting raffle in which five of the new models are offered

Workers at the Garrison Street, Birmingham, factory which supplies chassis for the 3500, returned to work after a one-day protest strike but 100 transport drivers who ferry parts to Solihull then walked out. They are expected to return to-day as talks *continue. Production of* the new car has not been affected. The first day's orders were for 3,500 cars.

● Jaguar car production in Coventry was halted yesterday with 1,000 men on strike after an inter-union row but officials will hold talks to-day to try to resolve the issue.

Seven employees at the company's Radford plant recently left the Transport and General Workers' Union to join the AUEW and allegations of poaching were made. Eventually all 40 press shop operators, members of the TGWU, at the factory walked out and 200 others were stood off. Yesterday 1,000 employees at the company's Allesley plant in Coventry walked out in protest over the laying-off.

Deferred tax move to be reconsidered

By Michael Lafferty

THE ACCOUNTING Standards Committee, the body which sets accounting standards for British companies, yesterday decided to reconsider its controversial standard on deferred taxation, probably within the next month. This was confirmed by Sir Ronald Leach who is succeeded as ASC chairman to-day by Sir William Slimmings, senior partner of accountants Thomson McLintock.

This follows a powerful and unprecedented campaign for the suspension of the standard, which is due to come into force in December, by the CBI, the banks, the insurance companies and Price Waterhouse, the leading accounting firm.

The row concerns the ASC requirement that companies must make provision in their accounts not only for the taxation payable on annual profits, but also for that tax assumed to be deferred as a result of high tax allowances and stock appreciation relief. Critics of full deferred tax accounting argue that companies will never have to pay this taxation to the Government.

Yesterday's ASC meeting also approved in principle "The Corporate Report," an ASC discussion document on which much of the Government's recent consultative paper on company reports is based. It is now likely that the profession will proceed to work out a draft accounting standard on the value added statement, one of the four new annual statements proposed in the Government's paper.

Strikes below 1968 level in first five months

BY IAN HARGREAVES, LABOUR STAFF

THERE WERE fewer strikes in the first five months of this year than in any comparable period since 1968, according to figures in to-day's Department of Employment Gazette.

The statistics, a tribute to the smooth operation of the £6 limit pay policy, show that *from* January to May there were fewer than half the number of stoppages recorded for the same period of 1974. A total of 1,369,000 days were lost, against 2,970,000 last year.

The number of workers involved fell from 425,000 to 285,000 and the number of stoppages from 1,134 to 798.

If the £2.50-to-£4 pay limit to be operated from August is accepted with as little resistance as that which faced the £6 norm, there must be a strong possibility that the overall strike picture for 1976 will better even than that of 1968, when 4,719,000 days were lost as a result of 2,378 stoppages.

Other statistics in the Gazette show that industrial tribunals received more than twice the number of complaints last year of unfair dismissal recorded in 1974.

The main reason for the increase, from 10,109 to 22,632, was implementation of two reductions in length of service qualification for applicants in 1975. The period is now 26 weeks.

The increase is, however, consistent with the steep upward trend of cases brought to tribunals in the last ten years. In 1965 there were 1,285 cases, compared with 35,000 last year and estimates for this year of 55,000.

More successes

Analysis of the unfair dismissal cases shows that three industry groups — construction, distributive trades and miscellaneous services—accounted for nearly half the applications;

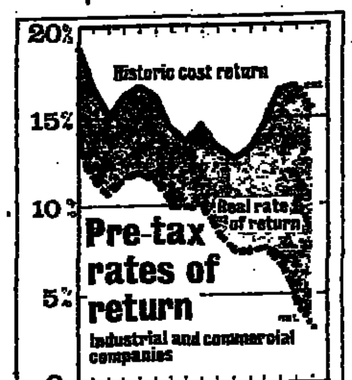
There was also an increase in the proportion of successful applicants. Last year 47.4 per cent. of applicants received some remedy, against 43.7 per cent. in 1974 and 39.1 per cent. in 1973.

THE LEX COLUMN

Assessing the reliefs

The absence from the White Paper of any further tightening of dividend restrictions took a load off the market's mind yesterday afternoon, and the 30-Share Index made useful late gains after being unchanged at noon. So the Government has accepted that with some long gilts yielding over 14 per cent. the equity market could not absorb any further pressure from the reverse yield gap. All the same, it is worth bearing in mind that only on the more optimistic views about inflation will real dividends rise over the next year. And an up-to-date recalculation by de Zoete and Bevan of their dividend income index, adjusted for the cost of living, gives a figure of 162 against 165 at the start of the year and 277 on January 1, 1970.

Index rose 5.9 to 383.8



The changes in the Price Code, too, indicate that the Government has been listening to the views of industry and the City. But it is hard to disentangle the reality from the politics. Thus the White Paper, while calling for a reversal of the slump in the real rate of return in industry from 10 to *2.2 per cent. over the decade to* 1974, then goes on to boast that the Code will keep down the cost of living as economic recovery progresses. The changes in the Code, it is suggested, will only add 1 per cent. to the Retail Price Index over the next year.

There is something very odd going on here, for this calculation would suggest a rise in profits of only about £0.7bn., or under 10 per cent. of gross trading profits for industrial and commercial companies including stock appreciation. Yet the proposed reliefs seem quite generous, and on paper would produce a much greater effect.

The ability of companies to multiply historic cost depreciation by a rule-of-thumb factor of 1.3, for instance, could be worth about £0.6bn., while 70 per cent. of stock value increases could easily be £2.5bn. Passing on an extra 15 per cent. *of capital spending would,* very theoretically, be worth £1bn. or so. Including other reliefs, such as the effective LIFO concession for raw materials consumed, it is possible to arrive at a total of more than £5bn. That would be something like 7 per cent. on the RPI.

Clearly, companies in practice will only be able to benefit from a proportion, perhaps a very small proportion, of the reliefs. Profit margins of Category I companies have *only* been running at about 50 per cent. of reference levels. But this may change with the economy moving out of recession.

Any calculations appear to be a matter of sheer guesswork at this stage. Meantime the complexities of the Code are multi*plied for companies,* and there are new excursions into arbitrariness — the depreciation factor, for example, ought to be more like 2.0 to get near a replacement cost basis.

But it is possible to draw a few conclusions about the potential impact on individual sec*tors. The gulf between competi*tive industries, where even existing reliefs are largely useless, and oligopolistic ones will be further widened. Areas like brewing and building materials come to mind (and AP Cement could get a further boost from its policy of revaluing assets in its accounts). Big exporters like ICI will not have to pass on so much of the benefit from economies of scale in the form of lower domestic prices.

At a guess, company pre-tax profits could rise next year by something like a tenth more than they otherwise would have done, a gain which must be paid for by the personal sector. The workings of the Price Code have been made significantly more liberal. But it remains in being as a threat for more prosperous times.

GEC

GEC's profits remain on a very strong trend, and its cash balances are even higher than might have been expected. The decision to consolidate only the dividend from BAC—year was £12.9m. GEC's share of its p held pre-tax profits £207.2m. against £16 comparable basis. Th *feature is that tradi* during the second ha by a quarter, in c with what was a stre a year earlier.

The features of thi ance include a trad rise of roughly a h industrial division to like £40m., of which business contributed Substantial gains in g more than offset prol where in power engin electronics group has well, and so have the companies which, r have doubled their

Among the weaker consumer products c has slipped further per cent. However, sounds more hopefu. Hotpoint operation seems, could actual make money later And the cutback in spending on telecom *now seems unlikel* much of a scar: i moved up into the range last year, an roughly maintained

Overall orders for are not much highe terms and one or t — including diesels *getting a little* ri exports remain on trend following a ri in last year's order there is no reason t the general trend i about to change.

Meanwhile net ca have moved up fro *£231m.,* and as a r posals since the ye now be over £260m. sents nearly one-thi employed excluding and nationalisatio have yet to come. C ing last year was £77m., the rise in debtors was substa by the movement liabilities (includin in general provisio cash flow from tra the region of £160m

The accounts will *and* CCA earnings with some crisp c the value of either The yield of 3.3 156p will be se covered whatever used.

Weather

U.K. TO-DAY

DRY, sunny.

London, S.E. and E. England, East Anglia
Dry, sunny; fog to-night. Max. 28C (82F).

Cent. S. England, Channel Is.
Dry, sunny. Max. 30C (86F).

E. and W. Midlands, Cent. N. England
Dry, sunny. Max. 30C (86F).

S.W. England, N. and S. Wales
Dry, sunny. Max. 31C (88F).

N.W. and N.E. England, Lake District
Dry, sunny. Max. 31C (88F).

Isle of Man, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland
Cloud, some sun. Max. 28C (82F).

Aberdeen, Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland
Sunny, few showers. Max. 17-20C (63-68F).

Outlook: Mostly dry, sunny and hot.

Lighting-up: London 21.51, Manchester 22.11, Glasgow 22.36, Belfast 22.34.

Pollen count: 52 (high); forecast: similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	S	26	79	Luxembrg.	S	31	88
Athens	S	32	91	Madrid	S	25	77
Barcelona	S	27	81	Manchstr.	S	28	82
Belfast	S	25	77	Melbourne	C	11	52
Belgrade	R	25	77	Montreal	C	19	66
Berlin	S	27	81	Moscow	C	12	54
Brmghm.	S	27	81	Munich	S	27	81
Bristol	S	27	81	Newcastle	S	22	72
Brussels	S	30	86	New York	S	24	75
B. Aires	C	9	48	Oslo	S	24	73
Cairo	S	36	97	Paris	S	32	90
Cardiff	S	27	81	Perth	S	18	64
Cologne	S	32	90	Rio de J'o	R	20	68
Copnhagn.	S	23	73	Rome	S	28	82
Dublin	S	23	73	Singapore	S	31	88
Edinburgh	C	15	59	Stockholm	S	25	77
Geneva	S	27	81	Sydney	C	13	55
Glasgow	C	17	63	Tokyo	R	20	68
Hong Kg.	S	30	87	Toronto	R	18	64
Jo'burg	S	19	66	Vienna	S	28	82
London	S	27	81				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Biarritz	S	28	82	Las Plms.	F	23	73
Blackpool	S	28	82	Majorca	F	27	81
Bordeaux	S	34	93	Malaga	S	26	79
Cape Tn.	R	18	64	Malta	C	25	77
Gibraltar	S	23	73	Nairobi	S	23	73
Guernsey	S	21	70	Naples	F	28	82
Innsbruck	S	30	86	Nassau	S	27	81
Inverness	C	15	59	Nice	S	29	84
Is. of Man	S	23	73	Venice	S	31	88
Jersey	S	25	77				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Continued from Page 1

Price code

enterprises making more effective use of resources is to allow them to retain 50 per cent. of benefits arising from more productive use of fixed overheads like rents and rates.

A similar provision is proposed for companies which increase *the share of their out*put going for export, while companies will be allowed to retain in full savings arising from economies in spending on fuel.

It is proposed to change the way in which profits are monitored. Companies which exceed their profit ceilings in one quarter now have to wipe out the excess in the *following three* months. In future the control ing average" basis allowing should be on a 12-month "rolling" companies to set excess profits against subsequent failure to reach the profit ceiling.

The Code would also be tightened up in certain respects.

All distributors who have been *trading for at least two years,* and have a turnover of over £15m. a year, would be brought into the Price Commission's net.

Companies would be given the option of calculating their reference levels on a later period than now. This would mean enterprises taking into account their most recent accounting years up *to July, 1976 in calculating their* reference level.

Continued from Page 1

Pay policy

expecting a drop of about 2 per cent.

Although much of the White Paper is almost identical in wording to earlier statements by Mr. Healey, the recent strong indications of public spending cuts in 1977-78 are reflected in a *reference to the Government's* determination that the "expansion of productive capacity and exports should not be held back by competing public sector demands for finance," and the repeated pledge, that further fiscal and monetary action will be taken if necessary.

The White Paper also includes *the recognition that the fall in* the rate of return on capital has "contributed to the recent slump in new productive investment and consequent loss of jobs. The downward trend in profitability must be reversed."

On dividend control, no explanation is provided about why the present 10 per cent. limit will continue. There had been speculation about a reduction in the limit, but the decision not to make any change apparently reflects, a desire not to discourage the raising of capital by industry and a recognition that increases in wages and dividends need not necessarily be linked to the same figure.

The White Paper reiterates the Government's belief that Britain can still achieve the objective of a further halving of the inflation rate by the end of 1977 despite the postponement of the move down to a single figure year-on-year rise.

Policing of the "voluntary" policy will again be conducted by the *Department of Employ*ment and the Government will ask Parliament to agree to an extension of the facility of using the Price Code to impose sanctions against employers granting excessive increases. Applications for Government assistance under the Industry Act and public purchasing policy would also con*tinue to determine companies'* attitudes to the pay limits.

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